The Economy 2015

GDP and Employment 1
2014 Highlights 2
2015 Expectations 4
Global Economic Environment 6
Provincial Economic Overview 12
Provincial Economic Indicators 13
Oil and Gas 17
  Land Tenure Regions 23
  Active Land Call Rounds 24
Newfoundland and Labrador's Offshore – Future Potential 27
Mining 32
  Map: Producing Mines 34
Forestry and Agrifoods 40
Fishery and Aquaculture 45
Manufacturing 51
Real Estate 56
Construction 60
Travel and Tourism 63
Muskrat Falls Project 67
Inventory of Major Capital Projects 72
Statistical Indicators 89
Photo Credits 91

The Economy is published annually by the Government of Newfoundland and Labrador under the authority of: The Honourable Ross Wiseman, Minister of Finance and President of Treasury Board. Most data are current as of April 15, 2015. Readers should note that annual data referenced in this document are reported on a calendar year basis, unless stated otherwise.

Comments and questions concerning *The Economy 2015* should be directed to:

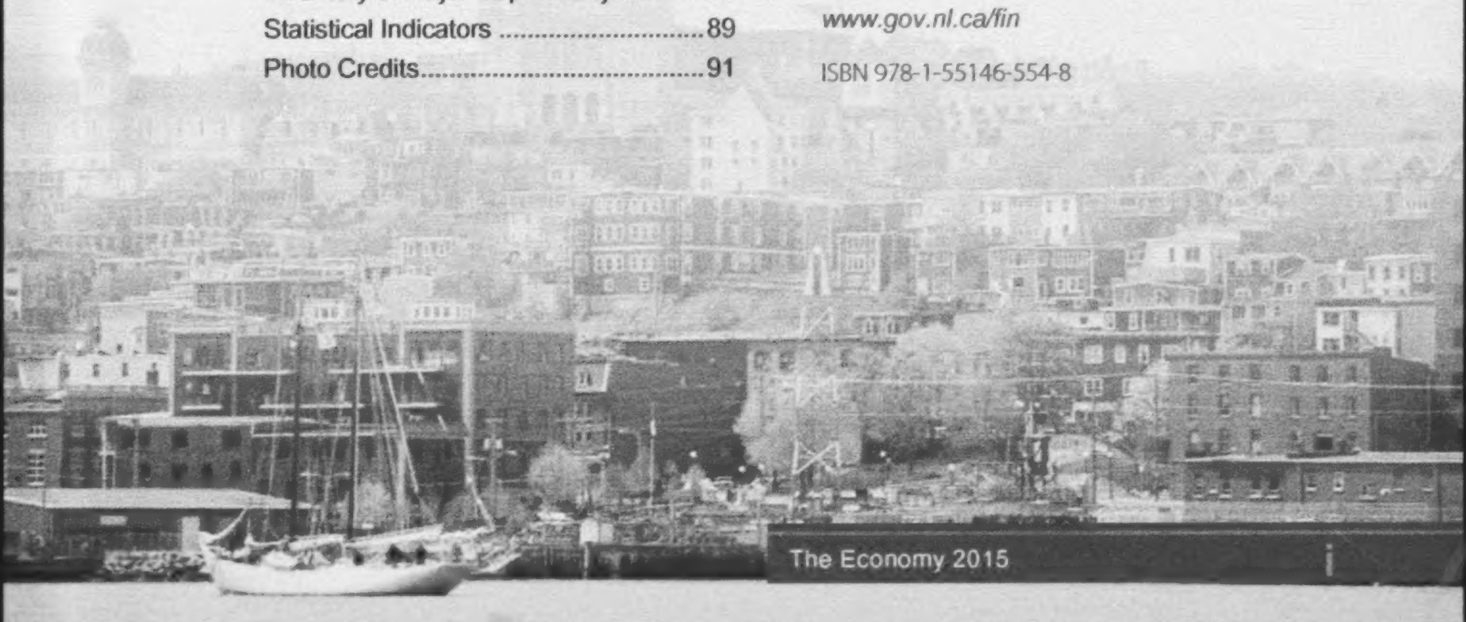
Economic Research and Analysis Division,
Department of Finance,
P.O. Box 8700, St. John's, NL A1B 4J6

Telephone: (709) 729-3255
Facsimile: (709) 729-6944
e-mail: infoera@gov.nl.ca

The Economy 2015 is available on the Department of Finance website:

www.gov.nl.ca/fin

ISBN 978-1-55146-554-8



GDP and Employment
by Industry

	GDP 2013p		Employment 2014	
	$ Millions	% of Total	Person Years 000s	% of Total
Goods-Producing Sector	**17,316.5**	**51.5%**	**54.7**	**22.9**
Agriculture, Forestry & Logging	176.9	0.5%	2.2	0.9
Fishing, Hunting & Trapping	317.9	0.9%	3.1	1.3
Mining	1,956.7	5.8%	4.5	1.9
Oil Extraction and Support Activities	9,564.1	28.4%	9.2	3.9
Manufacturing	918.8	2.7%	10.6	4.4
Fish Products	338.1	1.0%	2.7	1.1
Other	580.8	1.7%	7.9	3.3
Construction	3,597.9	10.7%	22.6	9.5
Utilities	784.2	2.3%	2.6	1.1
Services-Producing Sector	**16,340.5**	**48.6%**	**183.9**	**77.1**
Wholesale Trade	760.6	2.3%	6.1	2.6
Retail Trade	1,618.9	4.8%	33.3	14.0
Transportation and Warehousing	821.2	2.4%	11.7	4.9
Finance, Insurance, Real Estate & Business Support Services	4,227.3	12.6%	15.0	6.3
Professional, Scientific, & Technical Services	757.3	2.3%	10.6	4.4
Educational Services	1,645.8	4.9%	17.6	7.4
Health Care & Social Assistance	2,339.2	7.0%	37.5	15.7
Information, Culture & Recreation	790.9	2.4%	7.5	3.1
Accommodation & Food Services	535.1	1.6%	15.1	6.3
Public Administration	2,332.4	6.9%	17.5	7.3
Other Services	511.6	1.5%	12.0	5.0
Total, All Industries	**33,657.0**	**100.0%**	**238.6**	**100.0%**

p: preliminary

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance

2014 Highlights

- Following a period of substantial growth, economic conditions softened in 2014. Real Gross Domestic Product (GDP) declined by 1.9% primarily due to lower real exports.
- Real exports are estimated to have decreased by 7.5% in 2014, mainly reflecting lower oil and iron ore output.
- Capital investment in the province is estimated to have remained at very high levels in 2014. Nominal investment is estimated to have totalled $12.2 billion, slightly lower than the record level of investment recorded in 2013.
- Consumer spending growth was moderate. The value of retail sales increased by 3.4% compared to 2013.
- The number of new vehicles sold in the province was 35,440, on par with the record level sold in 2013.
- Consumer prices rose 1.9%.
- Employment fell by 1.7% to 238,600. Lower development activity at Vale's nickel processing site in Long Harbour and the closure of Wabush Mines were contributing factors to the drop in employment.
- The unemployment rate averaged 11.9%, up 0.3 percentage points from the previous year, yet one of the lowest unemployment rates in recent history.
- Average weekly earnings remained strong. Earnings increased by 4.1% to $991. Average weekly earnings remained the second highest among provinces after Alberta.
- Household income rose 4.9% (2.9% in real terms) to over $23 billion.
- The population as of July 1, 2014 was 526,977, a decrease of 0.2% from one year earlier.
- Oil production declined 5.7% to 78.9 million barrels, mainly the result of reduced production at Hibernia.
- The price of Brent crude oil averaged US$98.97/barrel in 2014 down 8.8% from US$108.56/barrel in 2013.
- An increase in reserves for the Hibernia development to 1,644 million barrels (from 1,395 million barrels) was announced in December.
- A successful offshore land sale resulted in the highest bid ever ($559 million) on a land parcel in the Newfoundland and Labrador offshore area.
- Development of the Hebron oil project proceeded with employment of almost 7,000 in the province by year end.

2014 Highlights

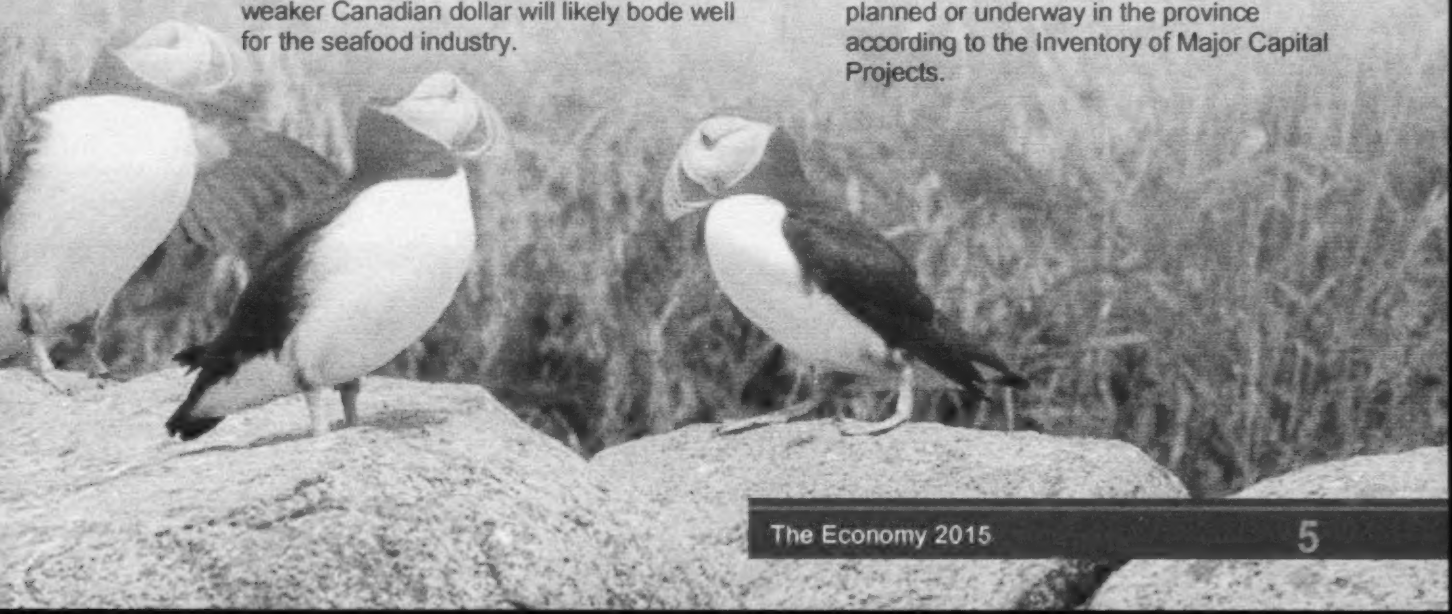
- The value of provincial manufacturing shipments decreased 0.5% to about $6.2 billion, mainly due to a drop in the value of refined petroleum products manufactured at the North Atlantic refinery.
- The North Atlantic oil refinery was sold to SilverRange Financial Partners LLC ensuring the continued operation of the refinery.
- Successful production of nickel at Vale's processing facility was achieved in July.
- The value of fish landings was up 8.0% to approximately $645 million because of higher raw material prices for key species. Fish landings were down 8.7% to just over 243,500 tonnes, due in part to lower shrimp landings.
- Aquaculture production fell by 65.2% to 9,240 tonnes, due to lower Atlantic salmon production. The corresponding market value was $59 million in 2014, down 69.9% from 2013.
- The estimated value of newsprint shipments increased by over 6% due to the depreciation in the Canadian dollar. Newsprint shipments were down slightly (0.3%) to approximately 241,400 tonnes.
- Market conditions for the mining industry were challenging in 2014, particularly for iron ore producers. The value of mineral shipments declined by about 20% to approximately $2.9 billion in 2014.
- Mining exploration expenditures were $76.7 million in 2014, down from the $104.0 million recorded in 2013.
- Construction investment spending is estimated to have totalled $10.1 billion, just below record high spending in 2013.
- Employment on the Muskrat Falls Project peaked at just over 4,000 people, 81% of these were residents of the province.
- Housing starts in the province totalled 2,119 units in 2014, a decrease of 26% compared to 2013.
- The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) fell 4.7% while the average MLS® residential price increased slightly.
- The number of travel and tourism visitors to the province increased by 2.0% to an estimated 507,900, as more visitors arriving by air offset a decline in those arriving by automobile and cruise.

2015 Expectations

- Economic growth is expected to remain subdued in 2015. Real GDP is forecast to decrease by 0.3% as lower consumption offsets gains in exports.
- Real exports are expected to grow 1.5% due to increases in iron ore output.
- Capital investment is expected to increase by 1.8% (0.2% in real terms) to $12.5 billion, driven by continued advancement in the Muskrat Falls development and high levels of spending on the Hebron project.
- Significant construction work will continue across all components of the Muskrat Falls Project in 2015.
- Hebron construction will continue at Bull Arm, Marystown and other fabrication facilities in the province. This will be the largest development project in the province in 2015 and provide a substantial boost to the construction and manufacturing sectors.
- Household income is expected to increase by a modest 0.2% as wage gains offset lower employment.
- Consumer prices are expected to increase by 1.0%.
- Employment is expected to average 234,900, down from 2014, yet still high in a historical context. The unemployment rate is expected to increase to 12.4%.
- Retail sales are expected to post a modest decline of 0.3% to $8.9 billion. This will still be a high level by historical standards.
- The province's population is projected to decline slightly by 0.2% to 526,200.
- Oil production is expected to decrease 0.7% to 78.3 million barrels due to lower production at White Rose.
- Brent crude prices are expected to average approximately US$58.75 per barrel on a calendar year basis (US$62 on a fiscal year basis).
- Oil exploration activity is expected to be strong. Statoil plans to drill several wells in the Flemish Pass Basin to delineate the Bay du Nord discovery.
- The first offshore Call for Bids under the new exploration licensing system is due to close in the fall of 2015. Many expect heightened interest and results.

2015 Expectations

- The value of mineral shipments is expected to moderately increase as higher iron ore production volumes are partially offset by lower prices.
- Mineral exploration expenditures are expected to decrease 19% to $62 million.
- The value of provincial manufacturing shipments is expected to increase in 2015 as Vale Newfoundland and Labrador continues to ramp up production at its nickel processing plant and other companies post modest gains.
- The recent depreciation of the Canadian dollar with respect to the U.S. dollar should benefit local manufacturers.
- Development of Vale's nickel processing plant at Long Harbour will continue with phase 2 construction.
- The volume and value of newsprint shipments are anticipated to increase slightly.
- Fish landings in the province are projected to remain stable in 2015.
- Strong demand for seafood products and a weaker Canadian dollar will likely bode well for the seafood industry.
- Aquaculture production is expected to increase after facing a challenging year in 2014.
- Construction investment is expected to remain at $10.1 billion in 2015, reflecting significant non-residential spending.
- Housing starts are forecast to decline 9.6% to 1,915 units.
- The Canadian Real Estate Association forecasts sales to fall by 1.0% and the average residential resale price is expected to fall by 0.4%.
- Pleasure travel to the province is expected to benefit from lower fuel costs and the weaker Canadian dollar.
- The expansion to the St. John's Convention Centre will continue and the Centre will reopen as a new, state-of-the-art facility in early 2016.
- St. John's International Airport will continue with the expansion of the airport terminal building and installation of a new landing system.
- Over $37 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects.



Global Economic Environment

The global economy recorded modest growth in 2014. Real GDP rose by 3.4%, however, economic performance varied by country and region (see table).

Several regions turned in a lackluster performance. The euro area and Japan were particularly weak, and given their influence on the global economy, this dampened global growth. China, though still growing, has seen its economic growth decelerate in the last two years. This gave rise to large commodity market imbalances about mid-way through 2014. With commodity supply increases outpacing demand growth, major commodity price corrections took place in 2014. Large commodity exporters like Canada, Brazil and Australia have seen their growth prospects erode in the face of these price declines.

However, sizeable economies such as the United States, India and the United Kingdom (see chart) continue to demonstrate strengthening growth prospects. The U.S. and UK central banks are among the few major central banks expecting to raise interest rates in 2015. Most, like the European, Chinese and Japanese central banks, are expected to continue to provide expansionary monetary policy support designed to stimulate their economies.

Real GDP Growth (%)

	2013	2014e	2015f
World	**3.4**	**3.4**	**3.5**
Brazil	2.7	0.1	-1.0
India	6.9	7.2	7.5
Russia	1.3	0.6	-3.8
China	7.8	7.4	6.8
Canada	**2.0**	**2.5**	**2.0**
United States	**2.2**	**2.4**	**3.2**
Japan	1.6	-0.1	1.0
Australia	2.1	2.7	2.8
European Union	0.1	1.4	1.8
United Kingdom	1.7	2.6	2.7
Euro Area	-0.5	0.9	1.5
Ireland	0.2	4.8	3.9
Germany	0.2	1.6	1.6
France	0.3	0.4	1.2
Spain	-1.2	1.4	2.5
Portugal	-1.6	0.9	1.6
Italy	-1.7	-0.4	0.5
Greece	-3.9	0.8	2.5

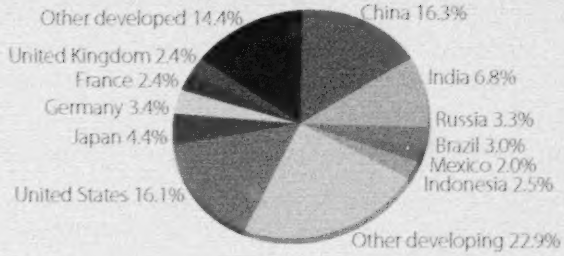
e: estimate; f: forecast

Source: Canada - average forecast of major Canadian banks; U.S. - Survey of Professional Forecasters, U.S. Federal Reserve Bank of Philadelphia; all other jurisdictions - International Monetary Fund, April 2015

The global economy is expected to exhibit moderate improvement in 2015. While lower commodity prices will present real challenges for commodity producers, in particular, oil exporters, the combination of prevailing low energy prices and interest rates will serve to boost demand in oil importing countries. In addition, increasing demand in large economies like the U.S. will contribute to a modest acceleration in global economic activity. Overall, global GDP is expected to increase by 3.5% in 2015 before ramping up to 3.8% in 2016.

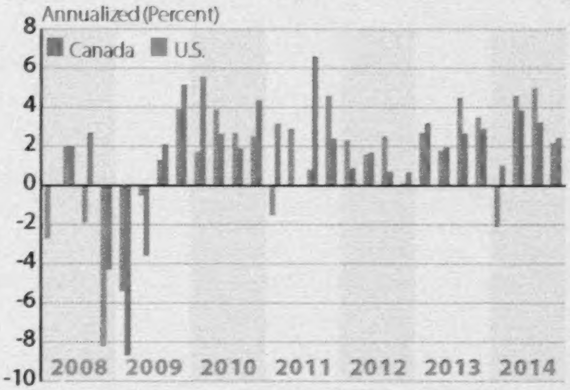
There are, however, significant risks present which could reduce global growth. Abnormally low inflation, low interest rates (sometimes negative in real terms) and inflated asset prices pose continued uncertainty. A delicate balancing act exists for central banks between coaxing growth and staving off destabilizing forces in currency and financial markets.

Share of Global GDP, 2014



Note: Shares are calculated using purchasing power parity basis data.
Source: International Monetary Fund

Quarterly Real GDP Growth



Source: U.S. Bureau of Economic Analysis; Statistics Canada

United States

The U.S. economy is currently the world's second largest, after China, and accounted for 16.1% of world GDP in 2014 on a purchasing power parity basis. The U.S. economy continued to expand in 2014, and many indicators suggest that the country has nearly recovered from the 2008-09 recession. Private sector growth is gaining momentum, driven by solid employment gains, increased consumer expenditure and strong private domestic investment.

Real GDP in the U.S. grew by 2.4% in 2014. Growth for the year was dampened by a 2.1% contraction in the first quarter caused by harsh winter weather and a large inventory correction. In the last three quarters of the year, however, real GDP growth averaged about 3.9% on an annualized basis. Consumer expenditure grew at a healthy pace, as lower oil prices bolstered gains in household spending power. Real consumption expenditure grew by 2.5% in 2014 and private domestic investment increased by 5.9%. Similarly, housing sector activity, which has been a crucial indicator of economic recovery in recent years, continued to increase. Housing starts grew by 8.5%, surpassing one million units for the first time since 2007 and housing prices increased by 2.6%. International trade, however, was a drag on growth in 2014. The U.S. trade deficit grew by about 8% to $454 billion (in real terms), as Americans consumed more imported goods due to their greater international purchasing power, consistent with the appreciating dollar and growing consumer spending.

The labour market continued to improve in 2014, as the prolonged effect of the last recession gradually receded. Employment increased by 1.7%, or about 2.4 million, while the unemployment rate averaged 6.2%, down 1.2 percentage points from 7.4% in 2013. Towards the end of year, the unemployment rate reached 5.6%, close to pre-recession levels. Nevertheless, the employment rate (the ratio of employed persons to those of labour force age) remained well below the pre-recession level, indicating that, while the recovery is ongoing, job growth has not kept pace with population growth. Median weekly earnings in 2014 grew to $791, a 1.9% increase compared to 2013.

While growth in the core Consumer Price Index (excluding food and energy) remained below 2% last year, strong job gains and a falling unemployment rate is raising concern about future U.S. inflation. With economic growth expected to gain momentum, many analysts expect the Federal Reserve to raise its policy interest rate in 2015 to stem the possibility of excessive inflation. However, the appreciation of the American dollar against the currencies of its major trading partners and low oil prices have somewhat reduced concerns of inflation in the short-term. It is reasonable to expect the Federal Reserve to remain cautious with respect to raising the prime rate.

Similar to 2014, weather posed some economic concern early in 2015. Retail sales fell unexpectedly in February, and consumer spending is expected to fall in the first quarter of the year after strong growth in the last quarter of 2014. However, most forecasters are predicting a rebound in growth in the second quarter of 2015.

For the year as a whole, economic growth is expected to be stronger. Real GDP is expected to increase by 3.2%. Strong growth is consistent with the rebounding housing market and accelerating employment and wage growth. The unemployment rate is expected to fall further, reaching 5.4%. Strong growth in the U.S. is expected to be a substantial driver of world economic growth in 2015, as well as a stabilizing presence on the world economic stage.

China

China is currently the largest economy in the world, accounting for 16.3% of global GDP in 2014. The country experienced a long period of strong economic growth from the early 1990s to 2008, driven by rapid growth in exports to major markets around the world. The 2008-09 recession caused a significant decline in export demand and, to maintain strong economic growth, the Government of China increased infrastructure spending and loosened lending restrictions. This led to a massive construction boom in the country over the past five years which resulted in increased demand and consequently higher prices for commodities such as iron ore and oil.

In recent years, the Chinese government has been introducing policies designed to transition the economy from investment-based growth to domestic consumption-based growth and an expanded service sector. The government has also taken steps to reduce pollution and reduce excess capacity in the economy. As a result of these actions, economic growth slowed in recent quarters, but rates of growth remain elevated in comparison to other major economies. Slowing economic growth in China, combined with higher than expected supply growth, were the major factors behind the collapse of oil and iron ore prices late last year.

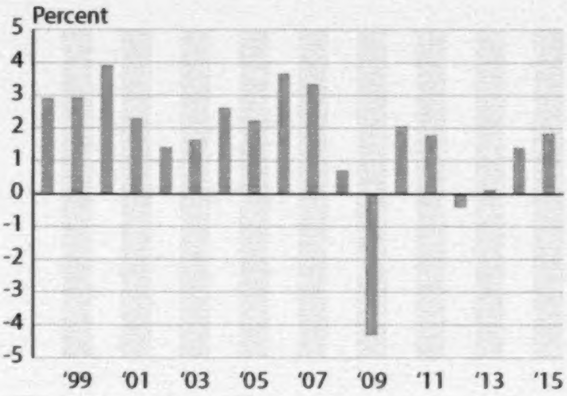
Fears that growth was slowing too quickly prompted the People's Bank of China to lower interest rates twice in recent months—the first time in November 2014 and the second in late February

2015. However, the government is pressing ahead with further reforms including plans of gradual adjustments in the hukou or household registration system and the introduction of a bank deposit insurance program on May 1st. The current hukou system restricts rural citizens' access to government services if they migrate to urban areas. Changes to this system should lead to more efficient use of labour while deposit insurance should encourage more competition in the banking sector.

Real GDP in China grew by 7.4% in 2014 compared to 7.8% in 2013. Lower oil prices, fiscal stimulus measures and lower interest rates should support growth in 2015. The International Monetary Fund (IMF) is currently forecasting that China's real GDP will grow by 6.8% in 2015 and 6.3% in 2016.

European Union

European Union Real GDP Growth



Source: International Monetary Fund

The European Union (EU) consists of 28 countries. Collectively, these countries comprised 17.2% of global GDP in 2014, with the largest economies being that of Germany (3.4% of world GDP), France (2.4%), the United Kingdom (2.4%), and Italy (2.0%). Within the EU, 19 jurisdictions have adopted the euro as their currency—these regions are often referred to as the euro area or the Eurozone.

The EU continues to struggle to gain economic momentum following the 2008-09 recession and the ensuing sovereign debt crisis. The EU economy contracted in 2012 and recorded minimal growth in 2013 (see chart). While real GDP growth increased in 2014, it remained low in a historical context. Furthermore, growth has varied considerably among countries—economic performance in the United Kingdom and Germany has been better than some of the other large economies, notably France and Italy. Continued sluggish growth and the risk of deflation have spurred the European Central Bank (ECB) to initiate a quantitative easing (QE) program in an attempt to boost economic activity.

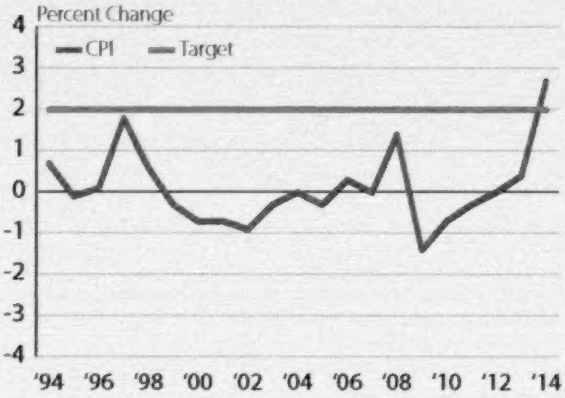
However, because of the common currency, individual countries in the euro area have restricted monetary policy options available to address their economic and fiscal difficulties. This has led to speculation that some highly indebted countries, in particular Greece, may leave the euro area. The possibility of Greece exiting the Eurozone and creating financial instability is a real risk for EU economic growth.

Overall, low oil prices, the QE program introduced by the ECB, and a depreciation of the Euro are expected to improve the EU's short term prospects. However, structural issues like high unemployment and sovereign debt challenges continue to be an impediment to long-term economic growth. For 2015, the IMF forecasts growth of 1.8% for the EU, with growth rates varying among countries—from 0.2% in Cyprus to 3.9% in Ireland.

Japan

Japan's Inflation Rate

All Items CPI



Note: The higher inflation rate in 2014 was mainly the result of a 3.0 percentage point increase in sales tax which took effect in April of last year.

Source: Statistics Japan

Japan is currently the fourth largest economy in the world on a purchasing power parity basis, accounting for 4.4% of global GDP in 2014. The country has experienced a number of serious economic difficulties over the past two decades with persistently low inflation/deflation (see chart), increasingly high levels of government debt and weak private sector growth. In addition, Japan has the fastest aging population in the world, which continues to put pressure on its social security system and constrain labour supply. In 2013, the Government of Japan launched a three-pronged approach for economic recovery through monetary, fiscal, and structural policies, commonly referred to as "Abenomics" after Prime Minister Shinzo Abe. These policies included a large fiscal stimulus program; measures by Bank of Japan to increase the money supply; and structural reforms such as reducing protectionism for selected industries and reducing labour market rigidities. Thus far, these policies have had only limited success.

Following two consecutive quarters of negative real GDP growth, Japan's economy came out of recession in the fourth quarter of 2014, as real GDP grew at an annualized rate of 1.5%. For 2014 as a whole, Japan's real GDP was relatively flat, as increased public sector spending and net exports were offset by lower private consumption and residential investment. Employment in Japan increased by 0.6% in 2014 and the labour force increased by 0.2%. Consequently, the country's unemployment rate declined 0.4 percentage points to 3.6%.

In April 2014, Japan raised its sales tax from 5% to 8% in an effort to reduce its deficit; however, private consumption fell dramatically as a result. The government had planned a further 2% sales tax increase in October 2014, but that increase was postponed for 18 months due to concerns that another increase at that time would reduce domestic consumption even further and, in the short term, prolong the country's economic difficulties.

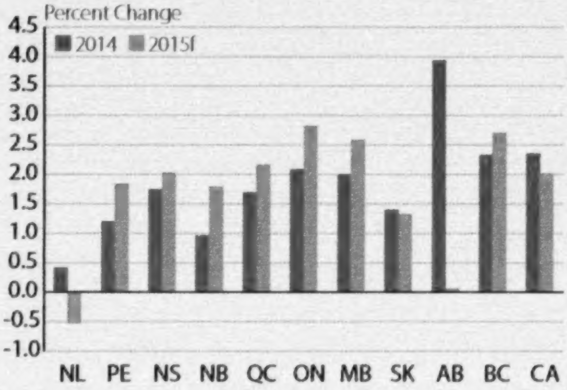
Low inflation remains a serious concern and the Bank of Japan has stated that its policy of quantitative and qualitative monetary easing will continue as long as necessary to maintain the inflation target of 2%. The IMF is forecasting the Japan's real GDP to increase by only 1.0% in 2015 and 1.2% in 2016.

Canada

Canada's economy accounted for 1.5% of global GDP in 2014. Canada's economic growth was solid in 2014, with real GDP expanding by 2.5%. Real GDP increased by just 1.0% (annualized rate) in the first quarter, but improved thereafter to average 3.1% during the remainder of the year. Growth was broad-based, with the largest contributions coming from exports and consumer expenditures. Among the provinces, Alberta posted the strongest economic growth at 3.9% (see chart).

Employment increased 111,100 in 2014 or 0.6% and the unemployment rate declined 0.5 percentage points to 6.9%. Labour market performance varied significantly across provinces and, as in recent years, western Canada posted above average results. Employment in Alberta grew 2.2%, while Saskatchewan posted growth of 1.0%. Five provinces (NL, PE, NS, NB and QC) reported declines in employment while the remaining three provinces reported employment growth of less than 1.0%.

GDP Growth by Province



f: forecast

Source: Average of Canadian major banks and the Conference Board of Canada

The sharp drop in oil prices in the second half of 2014 prompted the Bank of Canada to cut the overnight rate by 25 basis points in January. Oil accounts for half of the Bank of Canada's production-weighted commodity price index, and its slump has pushed the total commodity price index to its lowest level since 2009. Despite assurance from the Governor of the Bank of Canada that the unexpected 25 basis point cut is sufficient insurance against downside risks in the very short term, the slump in energy prices, together with potentially slower than expected growth in the first half of the year, could prompt the Bank to cut rates again later this year.

Falling oil and commodity prices have exacerbated the decline in the Canadian dollar which, even before the Bank of Canada lowered the overnight rate, had been steadily losing ground against the U.S. dollar for well over a year. The Canadian dollar recently reached its lowest level since March 2009, at US$0.78. Nevertheless, Canada is a major commodity exporting country, and while the country may be negatively impacted by the drop in commodity prices, the slide in the Canadian dollar may be good news for future economic growth (outside the oil and mineral sectors). A strengthening U.S. recovery also bodes well for the Canadian outlook. It is expected that the Canadian dollar will remain near US$0.80 for the remainder of calendar 2015.

Looking forward, the drop in oil prices together with the low dollar should help economic performance in manufacturing-intensive provinces and lead to a rebalancing of regional economic growth. Real GDP growth in Canada is expected to average 2.0% in 2015. Ontario is expected to lead the provinces in real GDP growth for the first time in almost 30 years with 2.8% growth, followed by British Columbia (+2.7%) and Manitoba (+2.6%). Although labour markets are expected to be relatively weak throughout Canada, employment growth in these three provinces is expected to be slightly better than the national average with Manitoba at 1.3%, Ontario at 1.1%, and British Columbia at 1.0%. Canadian employment growth is expected to be relatively low in 2015 at just 0.8%.

Provincial Economic Overview

After a decade of significant growth, economic activity in Newfoundland and Labrador has slowed due to weaker commodity markets. Nonetheless, major economic indicators continue to show solid results when compared to 2005 and this province continues to boast the highest income levels in its history and comparatively high employment levels. Economic growth is expected to resume in 2019.

Economic conditions in Newfoundland and Labrador softened in 2014. Deteriorating global commodity market conditions, particularly for oil and iron ore, weighed heavily on the export sector. Prices for both oil and iron ore declined throughout 2014 and for the year as a whole Brent oil prices fell 9% compared to 2013 and iron ore spot prices fell by about 30%. As a result, the value of exports and consequently GDP were negatively impacted. Furthermore, development of both oil and mining projects has been impacted by price declines. In December 2014, Husky announced that the decision to proceed with the West White Rose Extension project would be delayed for a year, although the company indicated that it remains committed to the project. In the mining sector, reduced iron ore prices prevented Labrador Iron Mines from restarting operations in 2014; created delays in the development of the Kami iron ore project; contributed to the permanent closure of Wabush Mines; and just recently played a role in the layoff of 150 employees at the Iron Ore Company of Canada. On a positive note, the lower Canadian dollar relative to the United States dollar has offset to some extent the lower prices received by oil and iron ore producers. Other export industries, such as fish processing and newsprint, have also benefitted from the lower exchange rate. As a result of significant price declines, nominal GDP decreased by more than real GDP. Nominal GDP is estimated to have declined by 2.1% while real GDP fell by only 1.9% (see table of economic indicators), primarily due to lower exports.

Provincial Economic Indicators

	2014e	2015f	2016f	2017f	2018f	2019f	2020f
GDP at Market Prices ($ M)	35,094	32,921	34,611	35,045	35,971	38,313	41,342
% Change	-2.1	-6.2	5.1	1.3	2.6	6.5	7.9
% Change, real	-1.9	-0.3	-1.6	-1.6	-0.6	4.1	5.1
Final Domestic Demand* ($ M)	36,275	36,946	35,539	35,425	33,726	34,808	36,789
% Change	1.8	1.9	-3.8	-0.3	-4.8	3.2	5.7
% Change, real	-0.5	-0.1	-5.1	-1.7	-5.7	1.7	3.8
Household Income ($ M)	23,096	23,145	23,140	23,553	23,685	24,572	25,823
% Change	4.9	0.2	0.0	1.8	0.6	3.7	5.1
% Change, real	2.9	-0.8	-2.0	-0.1	-1.4	1.7	3.1
Household Disposable Income ($ M)	17,495	17,531	17,555	17,939	18,066	18,733	19,676
% Change	4.9	0.2	0.1	2.2	0.7	3.7	5.0
% Change, real	2.9	-0.8	-1.8	0.3	-1.3	1.7	3.0
Retail Sales ($ M)	8,883	8,853	8,823	8,916	8,956	9,320	9,835
% Change	3.4	-0.3	-0.3	1.1	0.4	4.1	5.5
% Change, real	1.8	-1.1	-2.3	-0.2	-0.9	3.0	4.6
Consumer Price Index (2002=100)	128.4	129.7	132.3	134.7	137.4	140.2	142.9
% Change	1.9	1.0	2.0	1.9	2.0	2.0	1.9
Capital Investment ($ M)	12,249	12,470	10,943	10,444	8,465	8,792	9,640
% Change	-0.7	1.8	-12.2	-4.6	-18.9	3.9	9.6
% Change, real	-3.7	0.2	-13.3	-6.9	-19.1	0.4	5.9
Housing Starts (Units)	2,119	1,915	1,726	1,677	1,657	1,873	2,093
% Change	-26.0	-9.6	-9.9	-2.8	-1.2	13.0	11.8
Employment (000s)	238.6	234.9	228.3	226.7	222.8	226.3	231.4
% Change	-1.7	-1.5	-2.8	-0.7	-1.7	1.6	2.3
Labour Force (000s)	270.9	268.3	262.8	260.6	256.9	259.3	263.3
% Change	-1.3	-1.0	-2.1	-0.8	-1.4	0.9	1.6
Unemployment Rate (%)	11.9	12.4	13.1	13.0	13.3	12.7	12.1
Population (000s)	527.0	526.2	524.1	521.9	520.6	521.2	524.0
% Change	-0.2	-0.2	-0.4	-0.4	-0.3	0.1	0.5

---

* Final domestic demand measures demand in the local economy by summing consumption, investment and government expenditures; it excludes net exports.

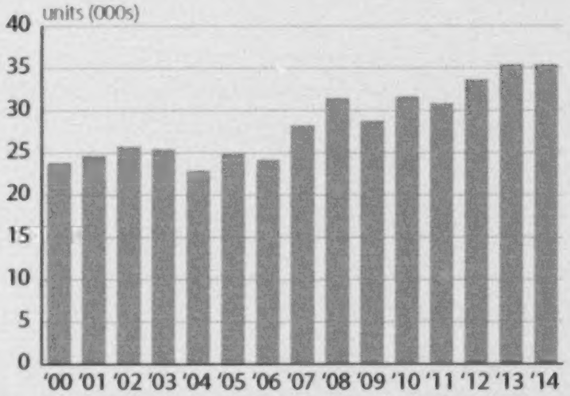
e: estimate; f: forecast, Department of Finance, April 2015

Source: Statistics Canada; Department of Finance

Provincial exports are estimated to have declined by about 6.6% in 2014 (7.5% in real terms) due primarily to lower oil and iron ore production and prices. Oil production fell by 5.7% last year primarily as a result of lower output from Hibernia. Iron ore shipments decreased by about 20% relative to 2013 mainly due to the closure of Wabush Mines and, to a lesser extent, the shutdown at Labrador Iron Mines.

New Car Sales

Newfoundland and Labrador



Source: Statistics Canada

Capital investment in the province remained at very high levels in 2014. Investment is estimated to have totalled $12.2 billion in nominal terms last year, slightly lower than the record level of investment recorded in 2013. Lower spending on Vale's nickel processing facility in Long Harbour was offset by higher spending on the Hebron and Muskrat Falls developments. Solid commercial and residential expenditures also contributed to the high level of investment spending. Total residential spending (including renovations) is estimated at $1.5 billion in 2014, a decline from the $1.7 billion recorded in 2013 but still high in a historical context.

Consumer spending grew last year. The value of retail sales increased by 3.4% in 2014 compared to 2013. Growth in retail sales was broad-based with gains across most categories. New motor vehicles sales remained at a historically high level for the second year in a row (see chart). The number of new vehicles sold in the province was 35,440, on par with the record level sold in 2013. In addition to retail sales, expenditures on services also posted growth this year. Receipts of food services and drinking places increased by 2.9% in 2014 compared to 2013.

Inflation

Growth in the Consumer Price Index (CPI), or inflation, was 1.9% in 2014. Consumers paid higher prices for food (2.4%) and there was a notable price increase in tobacco products (11.0%) stemming mainly from an increase in tobacco taxes implemented in March 2014. Minimal growth in energy prices—dampened by declining crude oil prices—kept downward pressure on inflation in 2014.

Labour Markets

After several years of strong growth, employment in the province declined in 2014. Employment, as measured by Statistics Canada's Labour Force Survey (LFS), fell by 1.7% (or 4,100) compared to 2013. Newfoundland and Labrador was one of five provinces to record negative employment growth in 2014. The job losses in this province were recorded in full-time employment. Full-time employment declined by 2.5% (or 5,200) while part-time employment actually increased by 3.1% (or 1,100). Lower development activity at Vale's nickel processing site in Long Harbour and the closure of Wabush Mines were contributing factors to the drop in full-time employment last year.

Along with a decline in employment, the participation rate and subsequently the labour force decreased in 2014. The participation rate fell by 0.7 percentage points, which combined with a slight decline in the population aged 15 and over resulted in a decline of 1.3% (or 3,600) in the labour force. As the drop in employment was greater than the decline in the labour force, the unemployment rate increased. The unemployment rate averaged 11.9% in 2014, an increase of 0.3 percentage points compared to 2013. Still, at 11.9% the unemployment rate remained one of the lowest unemployment rates in recent history.

Despite a decline in employment as estimated by the LFS, other indicators of labour market performance increased during 2014. Average weekly earnings rose by 4.1% in 2014 and at $991 were the second highest among provinces after Alberta. The increase in wages led to a 4.7% gain employee compensation for 2014. Furthermore, other estimates of employment indicate a stronger employment performance than the LFS. The Survey of Employment, Payrolls and Hours (SEPH) reports an increase in the number of employees every month during 2014 and, on average, an increase of 1.2% for the year.

Population

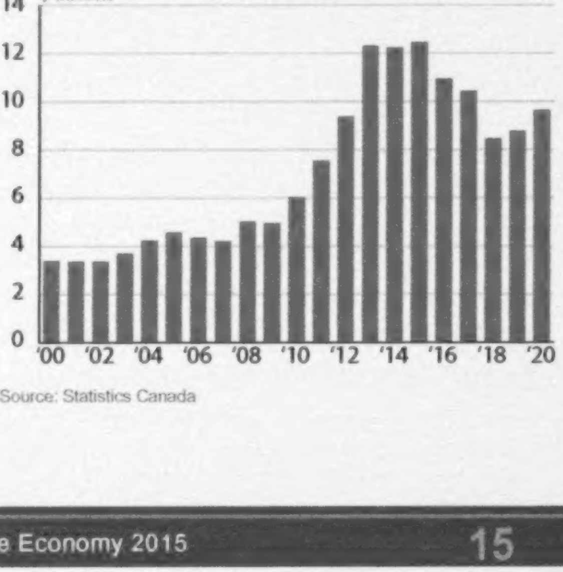
Economic expansion has served to increase the province's population in recent years. Prior to 2008, the population had declined for 15 consecutive years because of high levels of out-migration. However, in recent years net outmigration has fallen and the province recorded increases in population from 2008 to 2013. Although the current population estimate for 2014 indicates a slight decline in population from the previous year, it should be noted that this estimate is preliminary and will likely be revised several times. Preliminary data released by Statistics Canada indicates that the population of the province on July 1, 2014 was 526,977, a decline of 0.2% compared to one year earlier.

Outlook

The economy of Newfoundland and Labrador is entering a period of contraction stemming from several factors. The winding down of development of several major projects, in particular Hebron and Muskrat Falls, will act as a drag on investment over the next couple of years. Hebron reached peak investment and employment in 2014 while peak development activity on the Muskrat Falls project is expected to occur this year. Furthermore, current commodity markets have dampened short-term resource development. Taken together, these factors are expected to negatively impact capital investment expenditures in the province. Over the next several years, investment is forecast to decline from $12.5 billion in 2015 to $8.5 billion in 2018 (see chart).

Capital Investment

Newfoundland and Labrador



Source: Statistics Canada

Overall, real GDP growth is forecast to decline by 0.3% in 2015. Exports are expected to increase due to an increase in iron ore and fish products production; however a decline in employment related to lower levels of major project development will curtail consumption and this will act as a drag on GDP growth. Furthermore, while investment is forecast to increase slightly a larger share of spending will be directed towards machinery and equipment (which is largely imported) thus providing less benefit to the local economy. Lower commodity prices, particularly crude oil, will significantly impact the level of nominal GDP which is forecast to fall by 6.2% in 2015, a much greater amount than the decline in real GDP.

Employment is expected to decline by 1.5% in 2015. Lower levels of employment on the Hebron project are expected to more than offset higher employment on the Muskrat Falls project; the current slowdown in the iron ore industry is negatively impacting employment related to the production and development of iron ore in the province; and low oil prices are dampening activity in Western Canada which will likely impact employment of some Newfoundland and Labrador residents who commute to Western Canada. Lower employment will curtail income growth—household income is forecast to increase by just 0.2% in 2015 (down 0.8% in real terms). Lower income is expected to lead to lower consumer expenditures and a 0.3% decrease in retail sales.

From 2016 to 2018, economic growth is expected to be curtailed by declines in capital investment as a result of major projects progressing past peak development. Development of major projects has been a significant source of economic growth over the past several years. As development winds down and projects move toward the production phase, there is often a lull in economic activity, particularly in a relatively small economy such as Newfoundland and Labrador. However, once the production phase commences it usually marks the beginning of an upturn in economic growth.

Beyond 2018, the economy is forecast to grow again. Production from Hebron, Muskrat Falls and the Voisey's Bay underground mine, as well as development of other offshore resources, such as Statoil's Bay du Nord discovery, are expected to provide a boost to the province's economy.

Longer term, the enormous potential of the province's offshore resources is reason for optimism about the economic future of Newfoundland and Labrador. There are believed to be substantial offshore resources in the deeper water basins offshore Newfoundland and deepwater exploration and development hold significant opportunities for future growth in oil production, and by extension the provincial economy. Recent land sale results in the Newfoundland and Labrador offshore indicate industry's confidence in this potential. The bid on one parcel in the Flemish Pass by ExxonMobil Canada Ltd., Suncor Energy Inc. and ConocoPhillips Canada Resources Corp. was $559 million, the highest bid ever on a land parcel in the Newfoundland and Labrador offshore area. The province's hydrocarbon endowment is vast and the potential for future oil development and production is immense. The future prospects of Newfoundland and Labrador are strong, based in large part on the strength of our oil and gas industry.

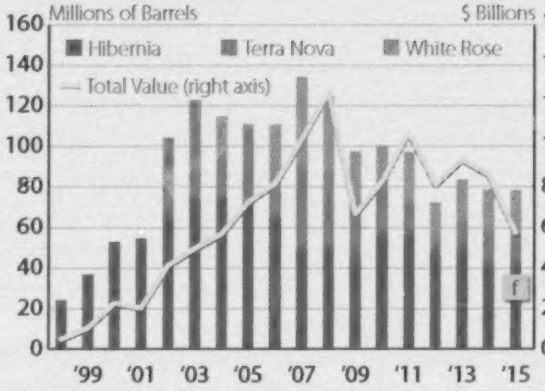
Oil and Gas

The oil and gas industry is the largest contributor to provincial GDP. It is estimated that oil and gas extraction and support activities accounted for approximately 28.4% of the province's nominal GDP in 2013. In 2014, employment in the oil and gas industry (including support activities for mining and oil and gas extraction) was approximately 9,200. In addition to its economic benefits, the oil and gas industry makes a substantial fiscal contribution to the provincial treasury. For the fiscal year 2013-14, offshore oil royalties accounted for approximately 28% of provincial revenues. Hibernia, Terra Nova and White Rose have all experienced considerable increases in recoverable oil estimates since the developments were initially proposed.

Crude oil production in the province decreased 5.7% from 83.6 million in 2013 to 78.9 million barrels in 2014 (see chart). This decrease was mainly the result of reduced production at Hibernia. The corresponding estimated value of oil production decreased 8.0% to $8.6 billion due to both reduced production volumes and lower crude oil prices. Falling oil prices were partially offset by a lower Canadian dollar which depreciated by 6.8% relative to the U.S. dollar in 2014.

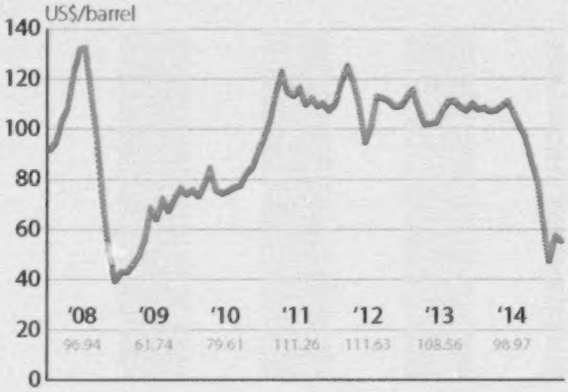
The price of Brent crude oil, a benchmark for Newfoundland and Labrador oil, averaged US$98.97/barrel in 2014, down from an average of US$108.56/barrel in 2013 (see chart). The price decline was particularly sharp throughout the second half of 2014 and into January of this year. Brent prices fell from a peak of US$115.19/barrel on June 19, 2014 to a low of US$45.13/barrel on January 13, 2015. Since mid-January oil prices have recovered

Offshore Oil Production



f: forecast
Source: C-NLOPB; Department of Finance

Brent Crude Oil Monthly Spot Prices



Source: U.S. Energy Information Administration somewhat and Brent stood at US$60.12/barrel as of April 21, 2015. The recent decline in oil prices has resulted from a combination of slowing global demand for oil, high inventory levels and increasing supply from U.S. shale oil production.

Hibernia

Hibernia, located in the Jeanne d'Arc Basin 315 kilometres (km) southeast of St. John's, was the first offshore oil project to be developed in Newfoundland and Labrador. Hibernia production occurs by means of a stand-alone concrete gravity based structure (GBS). Over the past few years, Hibernia production has expanded into two satellite areas south of the main field: the AA Blocks and the HSE Unit which together make up what is referred to as the Hibernia South Extension. Production from the AA Blocks and the HSE Unit started in November 2009 and June 2011, respectively. When it was initially proposed for development, the project proponents estimated that the Hibernia field contained 520 million barrels of recoverable oil. On December 16, 2014, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) announced a further increase in reserves for the entire Hibernia development area (including the AA Blocks and HSE Unit) from 1,395 million barrels to 1,644 million barrels.[1] Hibernia is the largest offshore project in the province and among the largest conventional oil discoveries in Canada. The Province, through Nalcor Energy, has a 10% equity stake in the HSE Unit.

Hibernia's total production decreased 14.7% (7.2 million barrels) in 2014 to 42.2 million barrels, with 3.5 million barrels extracted from the AA Blocks and 1.1 million barrels from the HSE Unit. Cumulative production at Hibernia, since first oil in November 1997 to December 2014, was 919 million barrels, worth an estimated $63 billion. Approximately 725 million barrels, or roughly 44% of estimated reserves, were remaining as of December 31, 2014.

As of December 31, 2014, there were a total of 2,892 people working on the Hibernia project (all locations) of which 2,497 (86.3%) were residents of the province.

Terra Nova

The Terra Nova field was the second offshore oil discovery in the province to reach production, with first oil in January 2002. Terra Nova, located just southeast of the Hibernia field in the Jeanne d'Arc Basin, is operated by Suncor Energy Inc. using a floating production, storage and offloading vessel (*Terra Nova FPSO*). Currently, the C-NLOPB's reserve estimate for the Terra Nova field is 506 million barrels.

Terra Nova produced 16.8 million barrels of oil in 2014, an increase of 3.0 million barrels (21.7%) over 2013. The increase was due primarily to reduced downtime. The FPSO was taken out of production for roughly four weeks for planned maintenance in 2014 compared to approximately 10 weeks downtime in 2013. Cumulative production from Terra Nova since first oil in January 2002 to December 31, 2014 was 366 million barrels with an estimated value of $26 billion. Approximately 140 million barrels, or roughly 28% of estimated reserves, were remaining as of December 31, 2014.

---

[1] "Reserves" are volumes of hydrocarbons—proven by drilling, testing and interpretation of geological, geophysical and engineering data—that are considered to be recoverable using current technology and under present and anticipated economic conditions.

As of December 31, 2014, there were 1,026 people working on the Terra Nova project (all locations), of which 939 (91.5%) were residents of the province.

White Rose (including North Amethyst)

The White Rose project is the province's most recent offshore oil development to be brought into production. The White Rose project, which is also located in the Jeanne d'Arc Basin, is operated by Husky Energy using the *SeaRose FPSO*. Since its initial discovery, White Rose has expanded to include several satellite areas (North Amethyst, South White Rose Extension and West White Rose). First oil from the South Avalon Pool (main field) occurred in November 2005 and first oil from North Amethyst occurred in May 2010.

When initially proposed for development, the project proponents estimated that the White Rose project contained 230 million barrels. The current estimated reserves for the entire White Rose project are 313 million barrels.

On June 5, 2013, the C-NLOPB announced its approval of a White Rose Development Plan amendment incorporating the South White Rose Extension (SWRX). The SWRX pools, which are estimated to contain approximately 33 million barrels of recoverable oil, will be developed via a subsea tieback to the *SeaRose FPSO*. All production equipment is now in place and, subject to rig availability, first oil is anticipated in mid-2015.

On December 17, 2014, Husky Energy announced that, in light of reduced oil prices, it was deferring the final investment decision on the West White Rose extension project by one year. Husky also announced that it will be considering alternative modes of development to the wellhead platform, including a sub-sea development concept. Despite the delay in the final investment decision, Husky has indicated it remains committed to the development of West White Rose as the project remains an important part of its long-term portfolio.

White Rose (including North Amethyst) produced 19.9 million barrels in 2014, down 2.3% (471,000 barrels) from 2013. Cumulative production from White Rose since first oil in November 2005 to December 31, 2014 was 237.9 million barrels with an estimated value of $21.7 billion. Approximately 75 million barrels, or roughly 24% of estimated reserves, were remaining as of December 31, 2014.

As of December 31, 2014, there were a total of 2,371 people working on the White Rose Project (all locations), of which 1,730 (73%) were residents of the province.

Hebron

The Hebron field was discovered in 1981 and is estimated to contain in excess of 700 million barrels of recoverable oil, making it the second largest oil field in the province after Hibernia. Hebron is located just nine kilometres northwest of Terra Nova in the Jeanne d'Arc Basin in a water depth of approximately 92 metres. The Hebron project received official sanction on December 31, 2012, becoming the province's fourth stand-alone offshore oil project. The Hebron field will be developed using a stand-alone GBS similar to, but on a smaller scale, than Hibernia. The GBS is being designed for an oil production rate of 150,000 barrels of oil per day with the capability to withstand sea ice, icebergs and harsh meteorological and oceanographic conditions. The GBS will support an integrated topsides deck that includes living quarters and facilities to perform drilling and production operations. In addition to the GBS itself, two of the four topsides modules are also being built in the province—fabrication is taking place at several locations in the province including Bull Arm, Torbay, Argentia, Stephenville, Port aux Basques and Marystown.

GBS construction at the Bull Arm dry dock began in October 2012. After pouring the GBS base slab, slip forming (a method of continuously pouring concrete) was used to construct the GBS to a height of 27.5 metres. On July 22, 2014, the 180,000 tonne GBS was towed from the dry dock to the deepwater site at Bull Arm where further construction activities are continuing (see photo on page 26). Further slip forming will bring the GBS to a height of approximately 120 metres. After GBS construction is completed, the topsides will be attached to the GBS to form the complete platform that will be installed at the Hebron field. ExxonMobil is the operator of the Hebron project. The Province, through Nalcor Energy, holds a 4.9% equity stake in the project. Hebron's capital cost is estimated at $14 billion and first oil is expected before the end of 2017. According to the Hebron Q4 2014 Benefits Report, there were a total of 9,425 people working on the Hebron project (all locations) during the fourth quarter of 2014, of which 6,018 (63.9%) were provincial residents.

Recent Discoveries

In 2013, Statoil announced two new discoveries in the deep water (approximately 1,100 metres) Flemish Pass Basin. The Harpoon discovery (whose resource potential has yet to be determined) was announced in June 2013 and the Bay du Nord discovery (estimated to contain between 300 and 600 million barrels of recoverable oil) was announced in August 2013. Bay du Nord was the world's largest conventional oil discovery of 2013 and the largest Statoil-operated discovery outside of Norway. The Harpoon and Bay du Nord discoveries are in close proximity to the 2009 Mizzen discovery which is estimated to contain around 100 million barrels of recoverable oil. Statoil holds a 65% interest in the Mizzen, Harpoon and Bay du Nord fields, and Husky Energy holds the remaining 35% interest.

Statoil is an international energy company with operations in 36 countries around the world and more than 40 years of experience in oil and gas production on the Norwegian continental shelf, a comparable environment to the Newfoundland and Labrador offshore area. Husky Energy is one of Canada's largest integrated energy companies, operating worldwide with upstream and downstream business segments. The company's foundation in heavy oil and Western Canada supports major growth opportunities in the Asia Pacific Region, the oil sands and the Atlantic Region.

Despite current low oil prices, Husky and Statoil are very bullish on the tremendous potential in the Newfoundland and Labrador offshore area, as evidenced by their current 18-month exploration program in the Flemish Pass Basin and recent public statements. Statoil's President and CEO Ståle Tungsevik was recently quoted as saying, "Offshore Newfoundland has the potential to sustain petroleum activity for decades" and "Statoil is committed to playing a significant role in that equation."[2] Husky's President and CEO Asim Ghosh was quoted as saying, "It's a major position we've got there [in the Flemish Pass] and that's a very core part of our business." Furthermore, Statoil has indicated that the Flemish Pass Basin is a strategic part of its global exploration portfolio and has the potential to become a core producing area for the company post-2020. The company has formed a task force to assess the feasibility of an accelerated development of the Bay du Nord discovery to reduce the time to first oil.

---

[2] Source: Magazine "Natural Resources Oil, Gas, Mining & Alternative Energy in Atlantic Canada" Vol. 17 No. 1 Spring 2015

Exploration

Offshore

Over the past decade, oil and gas companies have exhibited an increasing interest in Newfoundland and Labrador's offshore oil potential as evidenced by substantially higher licensing rounds (see chart on page 25). From 2003 to 2014, offshore licensing rounds totalled approximately $2.4 billion in comparison to roughly $900 million over the 1988 to 2002 period. Currently, there are outstanding work commitment bids totalling $1.2 billion in the Newfoundland and Labrador offshore region.

Geoscience acquisition programs (seismic, gravity, electromagnetic resistivity and seabed sampling) have been robust in 2014. Exploration activity is taking place in the Flemish Pass Basin; Orphan Basin; Eastern, South Eastern and Southern Newfoundland regions; and offshore Labrador. Ongoing assessment of recently acquired seismic and electromagnetic data has delineated new basins as well as extensions to existing offshore Labrador basins, and significant prospectivity in deepwater areas in the Newfoundland and Labrador offshore region. Over the past three years, Nalcor, in partnership with global seismic companies TGS and Petroleum Geo-Services, has conducted one of the largest seismic programs in the world. The 2-D seismic program collected over 80,000 line kilometres of seismic data off Labrador and down the southeast coast over the Orphan Basin, Flemish Pass, and Flemish Cap, much of which had never been imaged before. The investment in geoscience exploration and scientific analysis has resulted in the delineation of three new deepwater basins off Labrador (Chidley, Holton, and Henley) and the expansion of the previously discovered Hawke Basin.

Statoil and its partner Husky Energy are following up on the recent discoveries in the Flemish Pass Basin, including the Bay du Nord and Harpoon discoveries. A 12,863 square kilometre 3-D seismic acquisition program was completed in late September and is being followed by an 18-month drilling program. In mid-February 2015, Statoil completed the drilling of two wells (F-67 and F-67Z) in the Bay de Verde area (adjacent to Bay du Nord) using Seadrill's *West Hercules* semi-submersible drill rig. Since then the rig has been moved back to Bay du Nord area to delineate its oil discovery. As of March 30, 2015, well operations were continuing at the Bay du Nord site.

Husky Energy completed drilling the Aster C-93A well southeast of the Central Ridge/Flemish Pass Basin in early-February 2015. Husky also has several drill ready exploration and delineation prospects in the Newfoundland and Labrador offshore area and has a newly built semi-submersible drill rig (Seadrill's *West Mira*), contracted and scheduled to be utilized in the province's offshore area beginning in mid-late 2015.

On the province's west coast, there are plans to target the Green Point formation with several onshore-to-offshore wells, including a well by Shoal Point Energy into EL1070 in the Port-au-Port Bay. In addition, Corridor Resources and Black Spruce have indicated their intentions to drill at prospects in the Western Newfoundland and Labrador offshore region, including Corridor's Old Harry Prospect. These plans are subject to various regulatory approvals, including strategic and project specific environmental assessments.

Onshore

Investcan Energy Corp. continues to maintain its land rights in the Bay St. George Basin while the Province completes its review of hydraulic fracturing (see below).

Black Spruce Exploration (BSE) has acquired 100% working interest in the exploration permit lands previously held by Deer Lake Oil & Gas in the Deer Lake Basin. BSE are completing a regional study and basin analysis with intentions of high grading areas for seismic acquisition and subsequent drilling. Enegi Oil Plc continues to produce intermittently at Garden Hill South.

Hydraulic Fracturing Review

In November 2013, the Minister of Natural Resources announced that any applications for petroleum exploration involving hydraulic fracturing will not be accepted pending a Department jurisdictional review, geological review and public engagement process. On October 10, 2014, the Minister of Natural Resources announced the selection of an independent panel of five individuals, representing the fields of environment, engineering, geology, economics, and public health, to conduct a review of the socio-economic and environmental implications of hydraulic fracturing in Western Newfoundland. At the end of the review, the panel will prepare a report which will be made available to the public. The final report is due within one year.

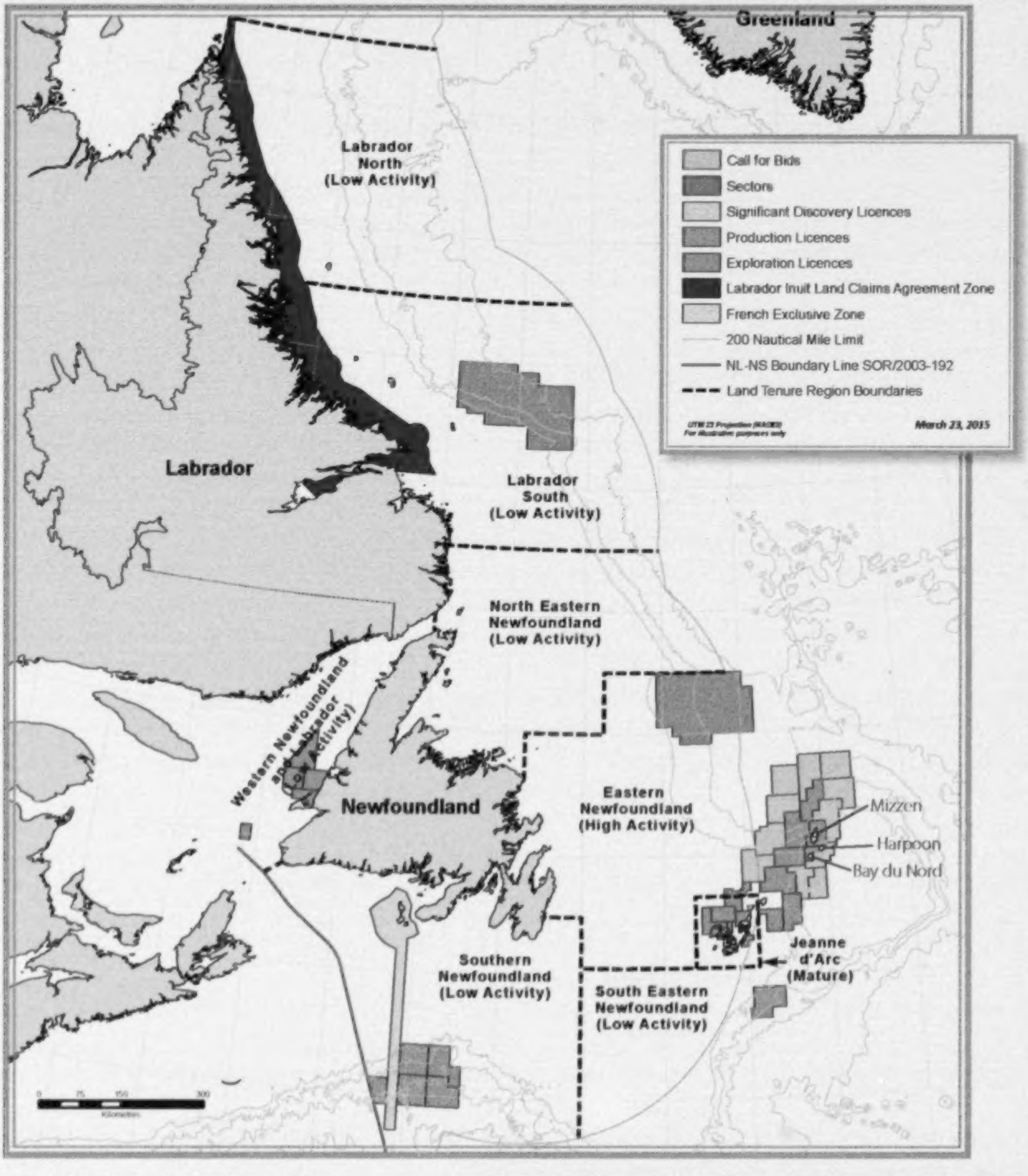
Scheduled Land Tenure System

On December 19, 2013, the C-NLOPB announced the implementation of a new scheduled land tenure system which will provide longer lead times for exploratory work in frontier areas and improve transparency, predictability and opportunity for industry input. Under the new system, the Newfoundland and Labrador offshore area is divided into eight regions (see map), each of which are designated as either low activity, high activity, or mature depending on variances in the volume of data collection in the basins and geoscientific knowledge of the region. The activity designation of each region will determine the amount of time available to interested parties to assess its hydrocarbon prospects before a Call for Bids is announced.

The first step in the land tenure process for a scheduled region is a Call for Nominations (Areas of Interest [AOI]) which will provide companies with the opportunity to identify prospective exploration areas (see Timeline on page 24). The nominations for areas of interest can be no greater than two million hectares (20,000 km^2). The C-NLOPB will use the AOI nominations in conjunction with internal geoscientific assessments to define a sector that will be identified publicly via the Sector Identification announcement. A sector will define the geographic location for which parcels will be offered in the Call for Bids. Subsequently, the C-NLOPB will issue a Call for Nominations (Parcels), the results of which will be used to determine the parcels to offer in the final stage of the process, the Call for Bids.

For low activity regions, the land tenure process will follow a 4-year cycle providing interested parties at least 48 months from the initial Call for Nominations (AOI) to the closing of the respective Call for Bids to explore and assess the area. These land tenure cycles will be introduced annually in selective low activity regions.

Land Tenure Regions


Greenland
Labrador North (Low Activity)
Labrador
Labrador South (Low Activity)
North Eastern Newfoundland (Low Activity)
Western Newfoundland and Labrador (Low Activity)
Newfoundland
Eastern Newfoundland (High Activity)
Mizzen
Harpoon
Bay du Nord
Jeanne d'Arc (Mature)
Southern Newfoundland (Low Activity)
South Eastern Newfoundland (Low Activity)
Call for Bids
Sectors
Significant Discovery Licences
Production Licences
Exploration Licences
Labrador Inuit Land Claims Agreement Zone
French Exclusive Zone
200 Nautical Mile Limit
NL-NS Boundary Line SOR/2003-192
Land Tenure Region Boundaries
UTM 23 Projection (NAD83)
For illustrative purposes only
March 23, 2015
0
75
150
300
Kilometres

Source: Canada-Newfoundland and Labrador Offshore Petroleum Board

Active Land Call Rounds

Timeline

	Call for Nominations (AOI)		Sector Identification	Call for Nominations (Parcels) open for 6 weeks	Call for Bids		Issuance of Licences

2015 South Eastern Newfoundland (Low Activity)

Cycle	Open	Close			Open	Close	
4-yr	Feb 3, 2015	Apr 30, 2015	Jul 2015	Feb 2018	Aug 2018	Nov 2019	Jan 2020

2015 Labrador South (Low Activity)

Cycle	Open	Close			Open	Close	
4-yr	Feb 3, 2015	Apr 30, 2015	Jul 2015	Feb 2018	Aug 2018	Nov 2019	Jan 2020

2014 Eastern Newfoundland (High Activity)

Cycle	Open	Close			Open	Close	
2-yr	Aug 21, 2014	Nov 28, 2014	Feb 24, 2015 (NL-02EN)	Sep 2015	Feb/Mar 2016	Nov 2016	Jan 2017

2013 Labrador South (Low Activity)

Cycle	Open	Close			Open	Close	
4-yr	Dec 19, 2013	Mar 15, 2014	May 22, 2014 (NL-01LS)	Feb 2016	Aug 2016	Nov 2017	Jan 2018

2013 Eastern Newfoundland (High Activity)

Cycle	Open	Close			Open	Close	
2-yr	Dec 19, 2013	Mar 15, 2014	May 22, 2014 (NL-01EN)	Aug 21, 2014	Mar 31, 2015 (11 parcels/ 2,581,655 hectares)	Nov 2015	Jan 2016

Source: Canada-Newfoundland and Labrador Offshore Petroleum Board

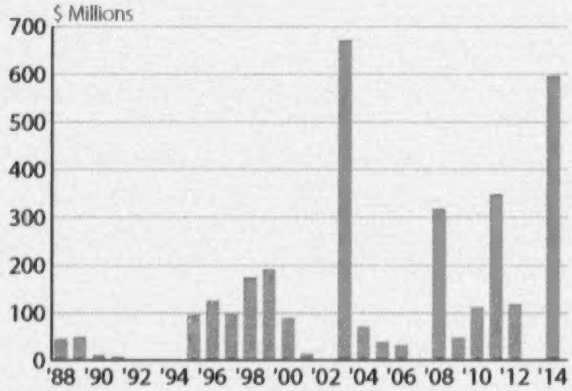
In high activity regions, there will be at least 24 months from the initial Call for Nominations (AOI) to the closing of the respective Call for Bids. These land tenure cycles will be repeated annually in high activity regions. For mature regions, a one-year cycle will be maintained where a Call for Nominations (Parcels) will go out in the fall of the year; the Call for Bids will be announced in the following spring and close in the fall of the same year.

In the second and subsequent Call for Bids for a given region, land parcels which were previously offered, but not awarded, will be re-assessed and, if deemed prospective, re-posted in the next Call for Bids. This will allow for a cumulative increase of land availability under the scheduled land tenure system.

The specific timelines for the land tenure process within each area is announced in advance when the initial Call for Nominations (AOI) is issued (see chart). The new land tenure system is designed to attract more interest in the Newfoundland and Labrador offshore area by allowing exploration companies additional time to conduct geoscientific assessments of the hydrocarbon potential of lesser explored basins. In turn, this is expected to support increased exploration activity, new discoveries and subsequent new developments.

On December 12, 2014, the C-NLOPB announced the results of Call for Bids NL13-01 (Flemish Pass), Call for Bids NL13-02 (Carson Basin) and Call for Bids NL14-01 (Jeanne d'Arc Region). Successful bids were received for three of six parcels. The bid for NL13-01 made by ExxonMobil Canada Ltd., Suncor Energy Inc. and ConocoPhillips Canada Resources Corp. was $559 million, the highest bid ever on a land parcel in the Newfoundland and Labrador offshore area. Bids were also received for NL13-02 (Parcel 2) and NL14-01 with the highest bids from ExxonMobil Canada Ltd. and Suncor Energy Inc. at $21 million and ExxonMobil Canada Ltd. at $16.7 million, respectively. The high level of these bids highlight the increasing interest multinational oil and gas companies have in the Newfoundland and Labrador offshore and their recognition of tremendous growth potential of the area (see chart on Offshore Land Bids).

Offshore Land Bids*



* Chart shows the total value of bids (for all parcels) for the years in which the bid results were announced. While the total value of bids received was highest in 2003, these bids were divided among more parcels than in 2014. The highest bid on record for a single parcel was $559 million and occurred in 2014.

Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

Outlook 2015

Oil and Gas

- Oil production is expected to decrease 0.7% to 78.3 million barrels.
  - Hibernia (including the AA Blocks and HSE Unit) is expected to produce 42.5 million barrels in 2015, an increase of 0.3 million barrels in comparison to 2014.
  - Terra Nova is expected to produce 17.0 million barrels, an increase of 0.2 million barrels from 2014. A 28-day turnaround of the *Terra Nova FPSO* is scheduled to begin in June 2015, and a concurrent 90-day inspection of the vessel's main power generator are expected to curtail 2015 production.
  - White Rose (including North Amethyst) is expected to produce 18.8 million barrels, a decrease of 1.1 million barrels from 2014. An 18-day turnaround of the *SeaRose FPSO* is scheduled for the third quarter of 2015.
- Annual average Brent crude prices are expected to decline by approximately 40% to around US$58.75 per barrel (US$62 on a fiscal year basis).
- Hebron construction will continue at Bull Arm, Marystown and other fabrication facilities in the province. This will be the largest development project in the province in 2015 and provide a substantial boost to the construction and manufacturing sectors.
- Exploration activity is expected to be strong.
  - Statoil plans to drill several wells in the Flemish Pass Basin to delineate the Bay du Nord discovery.

Newfoundland and Labrador's Offshore – Future Potential

Introduction

Newfoundland and Labrador's offshore is endowed with many natural resources. For centuries, the exploitation of fish shaped the culture and economy of the province. In recent years, the extraction of offshore oil has transformed the economy of Newfoundland and Labrador to one of the wealthiest in Canada. While the oil industry has been established in this province for almost 20 years, by many estimates it is still in its early stage of development. The existing producing fields and much of the exploration that has taken place to date are located in relatively shallow water (i.e. less than 100 meters). There are believed to be substantial offshore resources in the deeper water basins offshore Newfoundland and deepwater exploration and development hold significant potential for future growth in oil production, and by extension the provincial economy.

International Context

Deepwater exploration and production activity is driven by a variety of supply and demand factors like the need to offset declining production from onshore and shallow water basins; the potential for discoveries of large hydrocarbon reserves; and increased economic viability of deepwater developments.

BOA GALATEA

According to the International Energy Agency (IEA), over 300 billion barrels of recoverable oil lie beneath deep water around the globe. Rystad Energy, a leading consulting company, forecasts the world's production of oil from deep and ultra-deepwater regions will grow at a compound annual growth rate of 1.3% over the 2012-2030 period. This rate of production growth greatly exceeds growth from all other offshore environments. The IEA predicts that production from deepwater oil and gas will expand from 4.8 million barrels of oil equivalent (boe) a day in 2011 to about 8.7 million boe by 2035. This will help balance the future production decline in production in shallower waters, mainly in the North Sea and parts of the Gulf of Mexico.

To support this increase in production, drilling activity and capital spending in the deepwater is expected to increase significantly over the next decade. According to Douglas Westwood's 13th edition of the *Deepwater Market Forecast* issued March 31st, 2015, deepwater expenditure is expected to increase by 69%, compared to the preceding five-year period, totaling $210 billion from 2015 to 2019. As production from mature basins onshore and in shallow water declines, development of deepwater reserves has become increasingly vital, particularly to the world's oil majors.

About $66 billion was spent worldwide on deepwater exploration and development in 2014. Newfoundland and Labrador, and by extension Canada, is presently only capturing approximately one percent of the global exploration spending—this despite our comparable historic success rates, vast unexplored areas, competitive fiscal regimes, and low political risk.

Positioning Newfoundland and Labrador

Newfoundland and Labrador has approximately one million square kilometres of offshore sedimentary basins. While Newfoundland and Labrador has a vast offshore area, there has been a relatively limited amount of exploration and consequently development. Beginning with the release of the Energy Plan in 2007, the Government of Newfoundland and Labrador has made a concerted effort to increase offshore oil exploration and to fully participate in the growing sector of energy investment. Advancements in the area of regulatory structure, equity participation and fiscal structure have been made.

Regulatory Structure

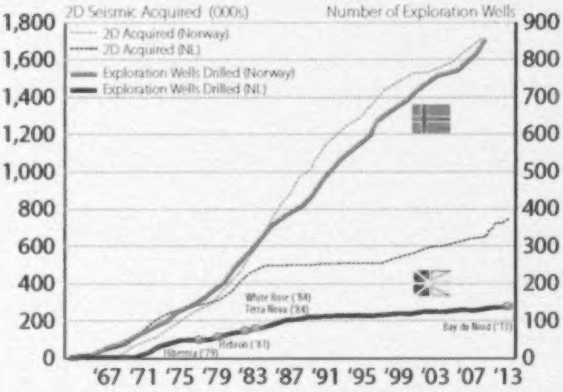
The singular most important change in the regulatory environment has been the introduction of scheduled licence rounds. In December 2013, the Canada - Newfoundland and Labrador Offshore Petroleum Board and the province announced a new scheduled land tenure system.

The new system allows additional time for exploration companies to conduct geoscientific assessments of the hydrocarbon prospectivity in the lesser explored basins of the Newfoundland and Labrador offshore area thereby encouraging exploration in frontier areas and fostering a more competitive environment. As well, the system follows a set schedule for companies to nominate and bid on land parcels for exploration, improving transparency and predictability. Longer lead times to acquire and analyze data and a set land sale schedule positions the province to compete with the leading exploration jurisdictions in the world.

Equity Participation

The establishment of Nalcor Energy, the province's energy corporation, has been a significant step forward for equity participation in the offshore. The province, through Nalcor Energy, is now an equity partner in Hebron, North Amethyst and satellite developments at Hibernia and White Rose.

2D Data "Hand-in-Hand" with Wells



Source: TGS

Nalcor determined that a key barrier to exploration for the Newfoundland and Labrador offshore has been the lack of high quality, readily accessible geoscience data to understand the potential prospectivity of the province's offshore basins. The chart on page 29 shows the amount of 2D seismic data acquired and the number of exploration wells for Norway and Newfoundland and Labrador. There is a 0.97 causal correlation between 2D data and well drilling. As can be seen in the chart, more than 75% of Newfoundland and Labrador's seismic data is 25 years old. The format of the data is out of date and not internationally competitive nor desirable and covers mostly areas on the shelf and not the slope and deepwater where companies are focused today.

Recognizing that the majority of NL's offshore area has yet to be explored (and the majority of exploration that has taken place to date has occurred in the Jeanne d'Arc basin), Nalcor has spearheaded the acquisition of extensive quantities of new geoscience data over the Newfoundland and Labrador offshore area.

In late 2010, with Airbus - Defence and Space, Nalcor undertook a regional oil seep mapping and interpretation study encompassing all of offshore Newfoundland and Labrador. The satellite data acquired during this survey has imaged areas of potential natural seepage in various basins and highlighted potential new regions for oil exploration. This satellite seeps survey is a multi-client survey and is available to the global industry from Airbus.

Using the insights from the 2010 Nalcor-Airbus satellite survey and other data, Nalcor in partnership with global seismic companies, TGS and PGS, has conducted one of the largest seismic programs in the world. The 2-D seismic program collected over 80,000 line kilometres of seismic data off Labrador and down the southeast coast over the Orphan Basin, Flemish Pass, and Flemish Cap, much of which had never been imaged before. The investment in geoscience exploration and scientific analysis has resulted in the identification of three new basins off Labrador (Chidley, Holton and Henley) and the expansion of the previously discovered Hawke basin.

By getting involved in the early stages of exploration, Nalcor is systematically reducing uncertainty and increasing scientific knowledge of each basin—new insights that are delivered to and shared with the global industry.

One of the next steps in improving the information available to industry is an updated resource assessment for offshore Newfoundland and Labrador. It has been decades since a regional resource assessment has been undertaken.

Nalcor in partnership with the Department of Natural Resources has engaged a third party consultant – global leading company Beicep Franlab - to conduct a resource assessment for offshore Newfoundland and Labrador. Through the resource assessment, Newfoundland and Labrador's entire offshore area will be evaluated in a phased approach that will be timed to correspond with the C-NLOPB's new scheduled licence system. Nalcor will deliver the results of the resource assessment to the global oil and gas industry in advance of the land sales as a means of reducing uncertainty for companies while quantifying the resource potential for the area for the benefit of the people of Newfoundland and Labrador.

In addition to facilitating the acquisition of new geoscience data for the province's offshore; Nalcor has been actively promoting the offshore potential of Newfoundland and Labrador. Together with the provincial Department of Natural Resources, Nalcor has travelled to and promoted the offshore around the world and appeared in keynote positions in many conferences and seminars. In addition, Nalcor has met with E&P companies from around the world.

Diversification within the industry

Diversification of the Newfoundland and Labrador economy has been a much debated and discussed topic. A more diversified provincial economy is prudent and necessary, in particular one that is so dominated by a single commodity. However it is extremely important that while we grow other areas of the economy, we also continue to grow the oil industry so that future production levels become our buffer to oil price shocks. Diversification "within" the industry offers a very clear and achievable mitigation of oil price risk.

One third of provincial economic activity comes from just three offshore projects and only five active companies. This is not consistent with global analogues for resource potential and investment attraction. Areas like the North Sea and the Gulf of Mexico have 30-50 active oil and gas companies drilling on average 30-50 exploration wells per year. We need more companies holding more licences and undertaking more investment, consistent with our resource potential. The strategies that Nalcor and the provincial government are employing are aimed at increasing the number of companies participating in the Newfoundland and Labrador offshore and increasing exploration, development and ultimately production.

Recent Results and Future Signals to Watch For

Offshore Newfoundland and Labrador is at the beginning of a new era of exploration that has not been seen since the early 80s—global E&P companies are prepared to invest and explore. This new and heightened interest is key for not only sustaining the positive contributions that the oil and gas sector make to the province but it is also key for continued growth in oil production and hence revenues.

In mid-December 2014, the results of the deepwater Carson/Flemish land sale were determined. Successful bids were received for three of six parcels. The bid for one parcel in the Flemish Pass was $559 million, the highest bid ever on a land parcel in the Newfoundland and Labrador offshore area. Bids for $21 million and $16.7 million were received on two other parcels. The high level of these bids highlight the increasing interest which multinational oil and gas companies have in the Newfoundland and Labrador offshore and their recognition of tremendous growth potential of the area.

Statoil has designated offshore Newfoundland and Labrador as one of its core areas for exploration and in November they commenced their drilling campaign of 6-8 wells in the Flemish Pass. Statoil is expected to continue its pre-development work for Bay du Nord and possibly seek expressions for interest for a concept development by the end of 2015.

Nalcor and its partners TGS and PGS will continue the 2D surveys and potentially expand the surveys to include 3D data in key areas with upcoming licence rounds. Nalcor is seeing strong industry interest in its exploration data and new insights that the company has been presenting to the global industry over the last 12 to 24 months. This interest is well above expectation this early in our exploration strategy.

Upcoming milestones and next steps

September 2015 will see the public release of the first new resource assessment – an assessment conducted by Nalcor in collaboration with DNR – based on new data that will cover the eleven parcels on offer in the Flemish Pass in the first ever scheduled licence round closing in November 2015. This will mark the first time in Newfoundland and Labrador's history that detailed oil and gas resource numbers will be released in advance of a licence round closing, ensuring the global industry and the Newfoundland and Labrador public have a scientifically quantified view of the potential of the blocks on offer. This process is an integral part of Nalcor's exploration strategy. Future licence rounds scheduled for 2016, 2017 and beyond will follow the same process with detailed resource assessments being conducted over those areas with results released prior to bid closing. This phased and systematic approach will ensure a full evaluation of all of our basins over time with timely results delivered to industry prior to bidding, thereby ensuring maximum value for our offshore acreage is attained for the people of the province.

Conclusion

Energy investments, through equity participation in oil and gas, by governments around the world have resulted in immense benefits to the resource owners—the people of the jurisdiction.

The exploration resurgence that has just commenced needed no new fiscal incentives or relaxation of rules or regulations to spur action. On the contrary, the province's rules and regulations were tightened up to improve safety and liability concerns and royalties were even increased on recent projects. The solution however to encourage exploration was to be put in place three simple things that are most basic for exploration companies: capture new high quality geoscience over prospective deepwater areas to reduce risk and provide important resource potential information to global oil companies with an aim to increase exploration activity; provide the time and certainty necessary for new investors by moving to a scheduled exploration licence regime; strategically present to the global industry the insights on our resource potential from the new geoscience data and scheduled land sale system to the right parties in the right places.

The province's hydrocarbon endowment is vast and the potential for future economic prosperity through development and production is immense. By finding and quantifying the oil and gas resource potential of Newfoundland and Labrador's frontier offshore basins, Nalcor will help ensure long-term maximum resource benefit for the people of Newfoundland and Labrador.

Submitted by: Nalcor Energy

Mining

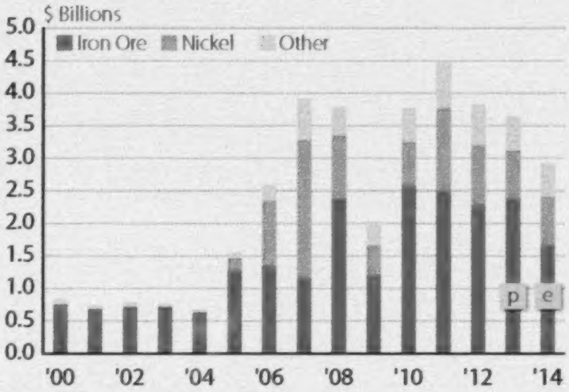
The value of Newfoundland and Labrador mineral shipments totalled approximately $2.9 billion in 2014, representing a decrease of about 20% from 2013 (see chart). This decrease primarily reflected a lower value of iron ore shipments. Total mining related employment (including employment associated with construction and development activities at Vale's Long Harbour nickel processing facility) was around 7,400 person years in 2014. A map outlining mining activities in the province is contained on page 34.

Market Conditions

Market conditions in 2014 were challenging for the Newfoundland and Labrador mining industry, particularly iron ore. Slowing demand growth for iron ore in China, coupled with production increases by a number of key iron ore producers, resulted in a significant decline in iron ore prices. Iron ore spot prices began the year at about US$133/tonne and steadily declined throughout 2014.[3] Overall, iron ore spot prices averaged about US$96/tonne, down 29.2% from 2013 (see chart).

Nickel prices were volatile during 2014, first increasing to a peak of US$9.59/pound in mid-May, but generally declining afterwards. For the year as a whole, nickel prices averaged US$7.65/pound, up 12.4% from 2013. Copper prices declined by 6.3% in 2014, averaging US$3.11/pound.

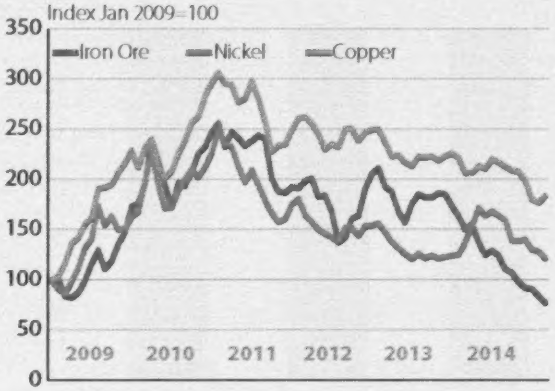
Value of Mineral Shipments



p: preliminary; e: estimate

Source: Department of Natural Resources

Mineral Price Indices (Monthly)



Source: London Metal Exchange, MetalPrices.com

---

[3] Iron ore spot prices are from metalprices.com for iron ore fines 62% Fe delivered to CFR Qingdao.

Iron Ore

Iron ore shipments totalled approximately 16 million tonnes in 2014, a decrease of about 20% relative to 2013. The decline was mainly due to the closure of Wabush Mines and, to a lesser extent, the shutdown at Labrador Iron Mines. The corresponding value of shipments fell about 30% as a result of both lower production and prices.

Iron Ore Company of Canada

Shipments from the Iron Ore Company of Canada (IOC) decreased from just under 15 million tonnes in 2013 to about 14 million tonnes in 2014. Shipments had been expected to rise, but production was negatively impacted by unusually harsh winter weather conditions that lasted well into the second quarter which resulted in frozen material and unplanned equipment downtime. As well some shipments were delayed because of a landslide in November 2014 that closed down the Québec North Shore and Labrador (QNS&L) railway line for about 15 days.

In August 2014, IOC submitted an Environmental Impact Statement for the Wabush 3 deposit, which is scheduled to enter pre-production in late 2016 and is expected to run until approximately 2060. This development is intended to provide an alternate feed source for the mill, but is not expected to affect overall planned production rates. IOC currently employs about 1,750 people, but the company recently announced that it will be laying off 150 workers in June of this year as a result of cost-cutting measures associated with falling iron ore prices.

Wabush Mines

Wabush Mines is owned by Cliffs Natural Resources (CNR) Inc. (based in Cleveland, Ohio). In February 2014, mining and processing at Wabush Mines was halted as increasing costs made the mine unprofitable. The company shipped approximately one million tonnes of iron ore in 2014 compared with almost three million tonnes in 2013. Much of the shipment last year was pre-existing concentrate inventory.

CNR had been in conversation with MFC Industrial, the mine royalty holder, to discuss the possible sale of the mine. However, in October 2014, CNR informed the Provincial Government that talks had broken off and that they were proceeding with permanent closure of the mine. In early April of this year, a Québec court-appointed administrator overseeing the Companies' Creditors Arrangement Act (CCAA) process for Bloom Lake filed a motion to seek permission to solicit interest in the sale of Cliffs' Canadian assets including Wabush Mines and the associated rail and port infrastructure. When operational, Wabush Mines had employed approximately 500 persons.

Labrador Iron Mines Ltd.

Labrador Iron Mines Ltd. (LIM) began operations in April 2011 and shipped its first iron ore to China the following October. The company was the first new iron ore producer in the province since 1965 when Wabush Mines started producing.

Producing Mines

Developing Properties and Processing Facilities

⚒ Producers

1. ***Vale Newfoundland and Labrador Limited,*** **Voisey's Bay**
2. ***Iron Ore Company of Canada,*** **Labrador City**
3. ***Iron Ore Company of Canada,*** **Labrador City**
4. ***Labrador Iron Mines Limited,*** **Menihek Area (Idle for 2015)**
5. ***Rambler Metals and Mining Canada Limited,*** **Baie Verte Peninsula**
6. ***Teck Duck Pond Operations,*** **Duck Pond**
7. ***Anaconda Mining Inc.,*** **Pine Cove**
8. ***Hi-Point Industries (1991) Ltd.,*** **Bishop's Falls**
9. ***Atlantic Minerals Limited,*** **Lower Cove**
10. ***Trinity Resources Ltd.,*** **Manuels**
11. ***Tata Steel Minerals Canada Ltd.,*** **Menihek Area**

□ Processing facilities

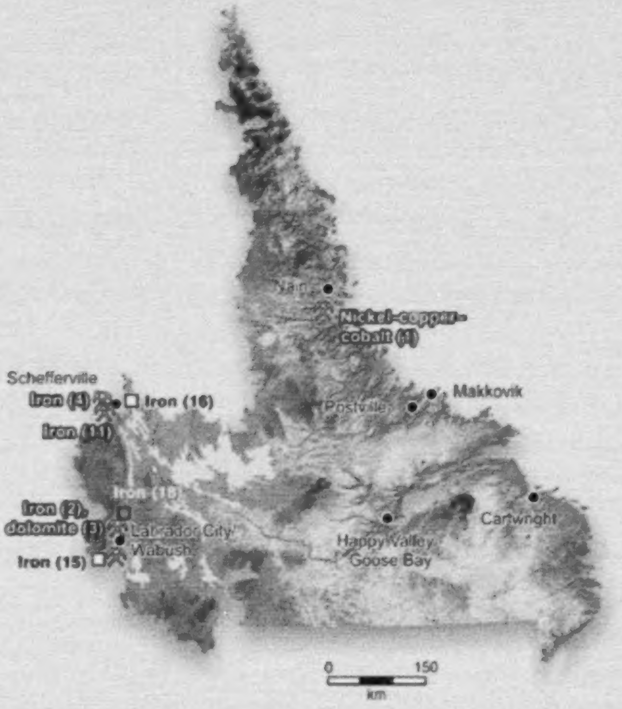
12. ***Vale Newfoundland and Labrador Limited,*** **Long Harbour Hydromet Plant**
13. ***Rambler Metals and Mining Canada Limited,*** **Nugget Pond Mill**

□ Under development

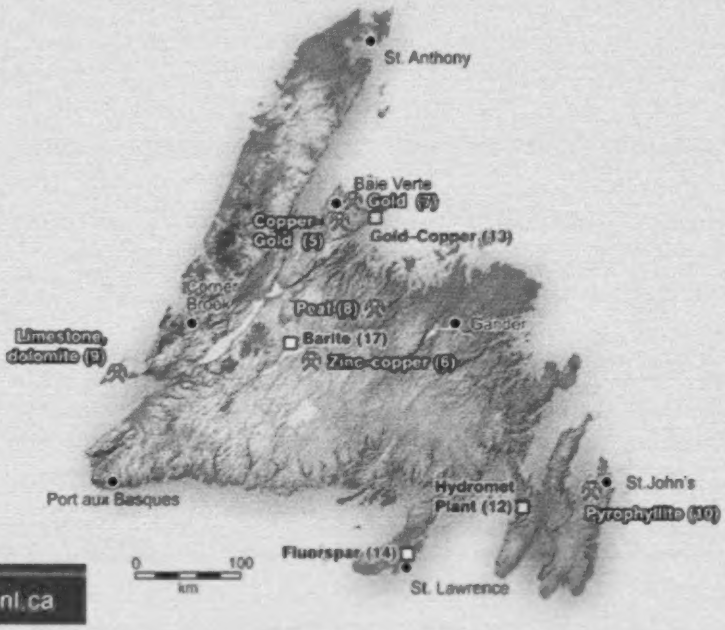
14. ***Newspar,*** **St. Lawrence**
15. ***Alderon Iron Ore Corporation,*** **Labrador City/Wabush Area**
16. ***Labec Century Iron Ore,*** **Menihek Area**
17. ***Barite Mud Services Inc.,*** **Buchans - Barite**

■ Exempt Mineral Land

18. ***Julienne Lake,*** **Labrador City/Wabush Area**


Nain
Nickel-copper-cobalt (1)
Schefferville
Iron (4)
Iron (16)
Iron (11)
Postville
Makkovik
Iron (18)
Iron (2), dolomite (3)
Labrador City
Wabush
Iron (15)
Happy Valley-Goose Bay
Cartwright
0
150
km

Note scale differences of Labrador and Newfoundland maps


St. Anthony
Baie Verte
Gold (7)
Copper-Gold (5)
Gold-Copper (13)
Corner Brook
Peat (8)
Gander
Limestone, dolomite (9)
Barite (17)
Zinc-copper (6)
Port aux Basques
Hydromet Plant (12)
St. John's
Pyrophyllite (10)
Fluorspar (14)
St. Lawrence
0
100
km

LIM did not operate in 2014 due to the depletion of ore at its James mine, cost pressures due to falling iron ore prices, and the lack of success in attracting required financing. The company shipped approximately 1.5 million tonnes of iron ore in 2013. In its quarterly report released on December 31, 2014, LIM indicated that it is currently focusing on obtaining additional financing and negotiating more favourable commercial terms of major supply and service contracts. LIM is not expected to conduct any mining activities in 2015.

In April 2015, LIM announced that it was initiating a court-supervised restructuring process under the CCAA in order to facilitate a restructuring and refinancing of its business operations. Under the CCAA proceedings, LIM's principal objectives will be to restructure its debt obligations, preserve the value of its mineral properties and restructure operating costs, including key operating contracts. LIM also reported that it has completed a transaction pursuant to the provisions of its Joint Venture Agreement with Tata Steel Minerals Canada (TSMC) whereby TSMC has acquired LIM's remaining interest in the Howse Project for $5.0 million.

Elross Lake

TSMC's Elross Lake project is a joint-venture owned by Tata Steel of India and New Millennium Iron Corp. The first load of iron ore from the project was shipped in September 2013. Shipments during 2014 totalled 250,000 tonnes, lower than had been expected due to the QNS&L railway closure in November 2014.

The project's year-round processing plant is expected to be operational in the second quarter of 2015, which will enable shipments to ramp up to just over 4 million tonnes this year. The plant will process material from both Québec and Newfoundland and Labrador. Additionally, a rail spur from LIM's Silver Yards facility to Elross Lake's processing plant has been completed, allowing rail shipments to be made directly from the plant instead of first trucking them to LIM's property for rail loading.

Shipments in the following years are expected to fluctuate as the Newfoundland and Labrador share of the plant's production will vary. The project (both production and continued development) created employment of just over 700 person years in 2014 and will gradually decline to a steady state of around 350 person years in 2017 as construction ends.

Voisey's Bay

The volume of nickel shipped from Vale Newfoundland and Labrador's (VNL) operations at Voisey's Bay, Labrador decreased in 2014, but as a result of higher prices, the value of shipments increased. The company shipped nickel concentrate worth $735 million in 2014, up about 1% compared to 2013.

Employment for all aspects of the Voisey's Bay project, including mining operations and Long Harbour operation and development, was about 3,200 person years for 2014. Approximately 500 people were employed at the Voisey's Bay mine site and the balance was associated with the processing plant at Long Harbour. Operational employment (including contractors) at Long Harbour was about 600, but construction activity remained the biggest contributor to project employment in 2014.

Phase 1 of the construction of VNL's nickel processing facility in Long Harbour was completed in October 2013, with the successful production of first nickel in July 2014. Activity in 2014 focused on the completion of pre-operational construction work, including the testing of sub-systems and the reinstatement of systems to prepare for commissioning and ramp up of Phase 1 to capacity. Phase 2 construction is expected to continue this year and will focus on the transition from processing imported nickel matte to processing Voisey's Bay concentrate early in 2016. Construction of the remainder of the plant and commissioning will continue with the plant expected to reach full operational capacity in 2018.

Construction delays at the Long Harbour processing plant have resulted in amendments to the Voisey's Bay Development Agreement to allow continued export of concentrate from the mine. The latest amendment was announced in February 2015, and is expected to result in an additional $200 million in compensation to the Provincial Government and $30 million in commitments for community initiatives in the province. In exchange, the Province raised the export cap allowing Vale to continue to export nickel concentrate from Voisey's Bay until the Long Harbour processing plant reaches full capacity. All exempted concentrate will be replaced and processed in Long Harbour.

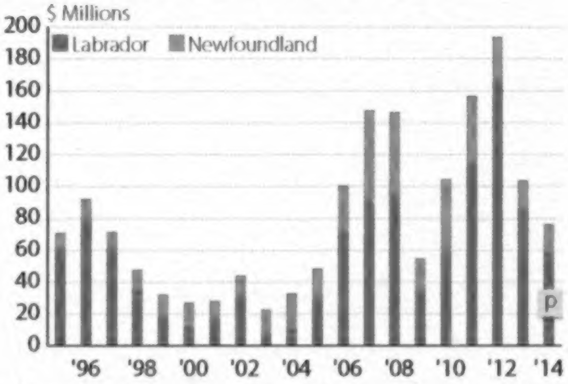
This amendment follows one announced in March 2013, which allowed Vale to continue to export concentrate from the province up to a cap until construction was completed. The March 2013 amendment also included a commitment by VNL to develop an underground mine at Voisey's Bay. The underground mine is projected to start producing ore in 2019, and will generate additional employment and industrial benefits to the province.

Other Mines

Rambler Metals and Mining Canada Ltd. (RMM) mines and processes ore from its copper-gold Ming Mine on the Baie Verte Peninsula. RMM commenced commercial production in November 2012 and shipped over 7,000 tonnes of copper concentrate in 2014. The original mine plan suggested a six year mine life; however, a new reserve statement published in early 2014 stated that enough new reserves have been identified to add an extra year to the mine's life.

In 2012, the company completed a preliminary economic assessment of a high-tonnage, low grade resource known as the Lower Footwall Zone (LFZ) located 100 metres below the sections currently being mined. A December 2014 resource update showed a significant increase in the copper resource in this zone. Since then, a pre-feasibility study for development of the LFZ was initiated with a target completion date of mid-2015. Furthermore, the company is evaluating opportunities to optimize production including pre-concentrating the LFZ material using Dense Media Separation (DMS). A demonstration plant has been constructed and testing of the DMS process is ongoing.

Mineral Exploration Expenditures



p: preliminary

Source: Department of Natural Resources

Anaconda Mining Inc. began gold production in 2008 at its Pine Cove mine near Baie Verte. In 2014, production was estimated to total 460,000 grams, down around 2% from 2013. Employment at the project was approximately 70 person years in 2014.

The Teck Duck Pond copper-zinc mine is located in central Newfoundland. In 2014, copper and zinc production were 14,200 tonnes and 16,200 tonnes, respectively. This compares with copper and zinc production of 14,000 tonnes and 12,700 tonnes in 2013. The operation employs approximately 320 people. In October 2014, Teck confirmed that the mine and mill are expected to close as scheduled due to resource depletion, with operations shutting down in July 2015.

Exploration and Development

Mineral exploration and development activity decreased in Newfoundland and Labrador in 2014. A weaker iron ore market resulted in delays for a number of potential projects. Exploration expenditures fell to $76.7 million in 2014, from $104.0 million recorded in 2013 (see chart). The major commodities of exploration interest were iron ore, base metals, gold and fluorspar.

Alderon Iron Ore Corp. is the proponent of the Kamistiatusset (Kami) iron ore project, located in western Labrador near Labrador City and Wabush. Development of the Kami project slowed in 2014 as a result of weak market conditions. Alderon suspended its engineering, procurement and construction monitoring contract with WorleyParsons and informed Nalcor that it would not be paying the second installment on the security deposit for the construction of a power line from Churchill Falls to Labrador West required for the project.

The most recent information from the company indicated that, pending financing, construction on the project is expected to occur between 2015 and 2017. The company has raised about $230 million and has engaged Endeavour Financial Ltd. to take the lead role in arranging an additional $1 billion in financing. The Kami iron ore project is expected to ship about 8 million tonnes per year of iron concentrates and provide about 380 person years of on-site annual employment when fully operational.

New Millennium Iron Corp. and Tata Steel announced in March 2011 that a feasibility study had begun for the ventures' two large iron ore deposits in Labrador and Québec. The results of the study, which were released in March of this year, indicated that both the Labrador and Québec projects would be viable with the Labrador project showing somewhat better financial performance and a longer mine life. However, no further public statements have been issued regarding Tata's intentions towards the project and it has not yet been registered with regulators.

The Joyce Lake property is part of the larger Attikamagen project that straddles the Newfoundland and Labrador/Québec border about 20 kilometres northeast of Schefferville. Labec Century Iron Ore Inc. (Labec) registered the Joyce Lake iron ore property for environmental assessment in October 2012 and the Department of Environment and Conservation provided final guidelines for the project's Environmental Impact Statement (EIS) in December 2013. On March 2, 2015, Labec announced that it had received the results of the feasibility study for the project which estimated a mine life of about 7 years with initial capital costs of $259.6 million.

Newspar continues its efforts to reactivate the underground fluorspar mine located in St. Lawrence on the Burin Peninsula. The company is an equal partnership between Canada Fluorspar Inc. (CFI) and Arkema (a multinational French chemical company). Newspar plans to develop two deposits, complete upgrades to the existing mill, and construct a tailings management facility and new marine terminal. In January 2013, CFI announced the results of the new Preliminary Feasibility Study which estimated annual production of 131,000 tonnes and a mine life of 14 years. Newspar continues engineering feasibility work, and CFI is carrying out additional exploration work to expand the scope of the mining project in St. Lawrence.

Paladin Energy Ltd. continues to explore options to expand its existing uranium resource in the Central Mineral Belt of Labrador. Exploration is planned for the next three to five years to confirm and expand the existing resource. Paladin is hoping to develop a long-life mine and milling operation in the 2018-2020 timeframe, subject to economic viability.

In October 2012, the Provincial Government announced a Call for Expressions of Interest to seek proposals for the development of the publicly owned Julienne Lake iron ore deposit in western Labrador. The Province conducted a $2.6 million exploration program on the deposit over the last few years. The results of the exploration define a world-class resource consisting of over one billion tonnes of iron ore with about 33% iron content. A more recent call for detailed proposals resulted in Government's decision to enter into negotiations with Altius Minerals and its two Chinese steel-producing partners to move the project forward.

Outlook 2015

Mining

- The value of mineral shipments is expected to increase moderately as higher iron ore production volumes are partially offset by lower prices.
- Iron ore shipments are expected to increase as IOC and Elross Lake increase production.
- The global iron ore market is expected to remain challenged, keeping downward pressure on prices.
    - Iron ore prices have continued to decline in early 2015 and as of April 10, 2015, prices were hovering around US$46/tonne.
- Development of Vale's nickel processing plant at Long Harbour is expected to progress with phase 2 construction continuing this year. This work will enable the plant to transition from processing imported nickel matte to processing Voisey's Bay concentrate by the end of 2016.
- Exploration expenditures are expected to decrease about 19% to $62 million.

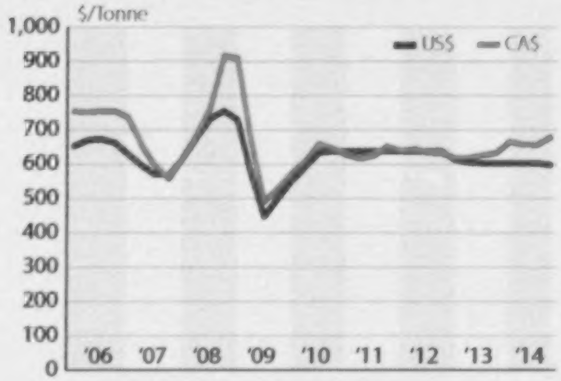
Forestry and Agrifoods

Newsprint

North American Industry

North American newsprint producers continued to struggle with poor market conditions in 2014. Overall newsprint shipments by North American mills declined 8.3% compared to 2013. Mills shipped less to customers in North America (down 8.9%) and overseas (down 6.8%). Shipments to the United States, the major market for North American newsprint, declined 9.8%.

North American Newsprint Prices



Source: TD Financial Group; Pulp and Paper Weekly; Bank of Canada; Department of Finance

North American newsprint demand has exhibited a downward trend for more than a decade, reflecting the growing popularity of digital media. Demand for newsprint dropped by two-thirds between 2000 and 2013. The industry has tried to limit the supply of newsprint in an effort to support higher prices; however, there has been some slippage in prices in recent years (see chart). This weakness was particularly evident in the last quarter of 2014, when prices dropped by US$10/tonne from US$605/tonne in October to US$595/tonne in December. On an annual basis, newsprint prices averaged US$604/tonne, down slightly from US$607/tonne in 2013. For Canadian producers, there was some relief from the weak prices because of the depreciation in the Canadian dollar with respect to the U.S. currency. The price of newsprint in Canadian dollars was 6.7% higher, on average, in 2014 compared to the previous year.

Newfoundland and Labrador Industry

The provincial newsprint industry has faced challenges similar to those of the North American industry. Corner Brook Pulp and Paper Limited (CBPPL), a subsidiary of Kruger Industrial, operates the only remaining newsprint facility in the province. The company employs close to 550 full-time and casual workers among the paper mill, forest operations and power plant.

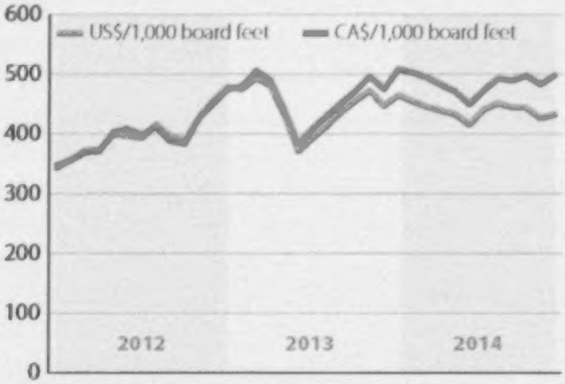
CBPPL has engaged in a long-term sustainability plan, facilitated by a loan from the Provincial Government. The loan agreement was announced early last year. Under the terms of the agreement, CBPPL has access to a fully repayable loan up to $110 million to be secured by a mortgage on the company's power assets and water rights, including the Deer Lake Power Plant and Watson's Brook Power Plant. The loan is being used by the company for debt restructuring and capital improvements at the Corner Brook operation, including Deer Lake Power, and has enhanced the sustainability of the mill. Rebalancing the operation of the mill is important to the Corner Brook region, and also has implications for the sawmill industry which exchanges raw material with the paper mill for mutual benefit.

Newsprint shipments were about 241,400 tonnes in 2014, down 0.3% from the previous year. The estimated value of shipments benefitted from the depreciation of the Canadian dollar, increasing over 6% in 2014 compared with the previous year.

Lumber Production

The North American lumber industry continues to make gains due to a gradual improvement in the U.S. housing market. Lumber prices remained strong in 2014 (see chart). For the year, prices averaged US$442/thousand board feet, down from US$448/thousand board feet in 2013, but high by historical standards. Canadian producers posted solid gains after exchange rate adjustments — the average price for lumber in Canadian dollars increased by approximately 6% in 2014 over the previous year.

Lumber Prices



Note: Price is for Kiln Dried Eastern Spruce-Pine-Fir # 1&2 2x4 R/L - Delivered Great Lakes

Source: Random Lengths Weekly Pricing; Department of Natural Resources; Bank of Canada; Department of Finance

Canadian lumber production totalled 25.3 billion board feet during 2014, up 1.1% from 2013. British Columbia accounted for about one half of this production. Solid growth in exports to the U.S. offset lower domestic shipments. Canada exported 17.0 billion board feet of lumber last year, up 4.6% over 2013. Major global markets were the U.S. (71%) and China (19%).

In Newfoundland and Labrador, lumber production is estimated to have declined approximately 18%, from 79.4 million board feet in 2013 to 65.0 million board feet in 2014. This decline is believed to reflect a general reduction in the number of saw log suppliers in the industry, and, in particular, fewer suppliers on the island of Newfoundland.

Several large, integrated sawmills account for most of the local lumber production. Producers have been investing to capitalize on lumber demand. For example, Burton's Cove Logging and Lumber Limited in Hampden recently completed a major expansion to improve productivity and increase production. Expansion activities included the establishment of a new single line for lumber production, a mechanized system for sorting logs, and installation of a dry kiln. Some of the increased production is supporting lumber requirements at the newly established wood preservative treating facilities in the province.

Future Development

The Provincial Government continues to work towards an agreement on the utilization of forest resources in central Newfoundland, which were formerly held by AbitibiBowater. The Department of Natural Resources issued a Call for Expressions of Interest (EOI) in 2013 to develop some of the timber resources formerly held by AbitibiBowater before the closure of the Grand Falls-Windsor mill in 2009. The unallocated wood supply available for development is 280,000m^3/year. Subsequently, the Province narrowed the proposals to one company, Rentech Inc., and negotiations are currently ongoing.

Agrifoods

Farm Cash Receipts

Provincial farms reported receipts of $95.5 million during the first three quarters of 2014, down 11.4% from the same period in 2013. The drop reflected lower livestock receipts. Livestock and livestock products, which accounted for about 87% of total receipts during this period, were down by 13.1% to $83.5 million. The main cause of this decline was lower prices at auction for fur. Fur receipts were valued at $10.2 million during the first nine months of 2014, down from $21.6 million in 2013. Farm cash receipts from chicken farming are not available due to confidentiality restrictions, but data from the Chicken Farmers of Canada indicates that the volume of chicken produced in the province in 2014 totalled 14.3 million kilograms, up 2.5% from 2013. Total crop production receipts increased 2.0% to $11.7 million during the period. This growth was due to higher receipts in the field vegetables, small fruits, and floriculture categories.

Experimental Feed Grain Production

Newfoundland and Labrador's livestock industry is more reliant on external sources for its feed grain than any other province. The province currently imports virtually all of its livestock grain requirements (about 67,000 tonnes annually), which includes corn, wheat, barley and soybean. However, this situation may well change in the foreseeable future. Recent wheat crop trials conducted by the Provincial Government indicates that feed grains can be viably grown in the province. The experimental grain production program is funded by the Provincial Agrifoods Research and Development Program and will enter its fourth year in 2015/16. To date, the trials have been focused on feed for the dairy industry, but the feed could be used for other livestock, such as chicken, sheep and swine. Farmer interest in the program is quite high.

The objectives of the experimental grain program are to reduce input costs for the industry, encourage vertical integration, and provide a more consistent supply of feed. Since grain feed is imported, this supply can be interrupted by bad weather and ice conditions.

Dairy feed includes a mixed ration of forage, grain and other supplements. Dairy farmers have progressed toward self-sufficiency in forage crop, so grain production is the next logical step. The dairy sector imports mostly corn and soybean meal. However, the protein content of local wheat proved to be high enough to replace protein additives, such as soybean, in the feed for cows.

Currently, at least 155 acres are planted with winter wheat, and an additional 77 acres will be planted with spring wheat. All of this planting is on dairy farms throughout the province and the end product is used by the participating farm owner. By April 2015, approximately $750,000 will have been spent on equipment, supplies and labour in support of the program. Given that grain quality reports have been promising to date, this project is expected to expand and continue well into the future. Soybean trials will also be conducted in 2015. While this local production is currently only for livestock feeding, upcoming projects include milling wheat for baked goods and malting barley for local microbreweries.

Outlook 2015

Forestry and Agrifoods

- Excess newsprint supply is anticipated in the North American industry and this is expected to continue to put downward pressure on prices.
    - Newsprint prices are expected to average US$570/tonne, down from an average of US$604/tonne in 2014. Canadian producers are expected to receive some relief from the lower exchange rate.
- Newsprint shipments from Newfoundland and Labrador are expected to be around 245,000 tonnes, up 1.5% from 2014.
- North American lumber prices are expected to decline but remain relatively high.
- Lumber production is anticipated to increase to approximately 73 million board feet, reflecting mill improvements and increased capacity.
- Farm cash receipts are expected to post modest gains.

Fishery and Aquaculture

The Newfoundland and Labrador seafood sector remains an important economic driver for many rural communities, particularly in areas where few employment alternatives exist. The value of total production in the industry remained relatively high in 2014, totalling $954 million. This represents a decline of 13.1% in comparison to 2013. While production was down in the aquaculture industry, it remains a significant economic contributor, particularly to the Coast of Bays and the Northeast region of the island portion of the province.

The number of people employed in the fishery was down 4.6% in 2014, to 17,781 workers. The number of registered fish harvesters was down 2.4% to 9,465 workers.[4] Processing workers decreased by approximately 6.5% to around 7,880, compared to about 8,430 workers in 2013. These workers process raw material from the capture fisheries as well as aquaculture operations. Employment at aquaculture operations recorded a decline of 14.5% to 435 workers.

---

[4] Processing employment data are from the Department of Fisheries and Aquaculture's annual employment survey and are based on the number of individuals employed during the year. The harvesting employment data are based on the number of fish harvesters registered with the Professional Fish Harvesters Certification Board. These data differ from Statistics Canada's Labour Force Survey data (included in the table on page 1) which uses a person year concept of employment.

Capture Fishery Landings and Landed Value

SPECIES	2013 Revised Volume (tonnes)	2013 Revised Value ($000s)	2014 Preliminary Volume (tonnes)	2014 Preliminary Value ($000s)	Percent Change Volume	Percent Change Value
Shrimp	83,878	193,824	71,387	209,561	-14.9%	8.1%
Snow Crab	50,818	220,255	49,905	253,047	-1.8%	14.9%
Other Shellfish	33,574	70,178	29,911	65,132	-10.9%	-7.2%
SHELLFISH	**168,270**	**484,257**	**151,203**	**527,739**	**-10.1%**	**9.0%**
Turbot	10,777	50,257	11,751	59,758	9.0%	18.9%
Cod	8,225	8,215	10,112	9,996	22.9%	21.7%
Flounders	9,902	14,697	8,260	12,320	-16.6%	-16.2%
Other Groundfish	4,632	19,510	4,249	18,172	-8.3%	-6.9%
GROUNDFISH	**33,536**	**92,679**	**34,372**	**100,245**	**2.5%**	**8.2%**
Capelin	30,019	6,021	28,731	5,762	-4.3%	-4.3%
Herring	29,569	8,149	25,721	7,088	-13.0%	-13.0%
Other Pelagics	5,284	3,433	3,528	2,444	-33.2%	-28.8%
PELAGICS	**64,873**	**17,604**	**57,980**	**15,294**	**-10.6%**	**-13.1%**
Harp Seals (Number)	95,221	2,897	59,318	1,875	-37.7%	-35.3%
TOTAL	**266,679**	**597,437**	**243,555**	**645,154**	**-8.7%**	**8.0%**

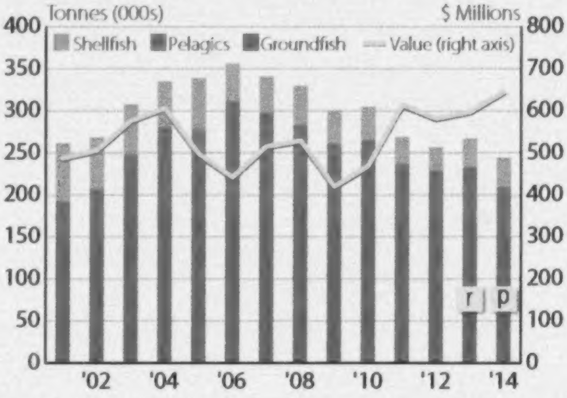
Notes: Species components may not sum due to independent rounding.
The value of cod and flounders may be understated as they may not be representative of port prices.
Total volume does not include the number of seals.

Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

Capture Fisheries

The value of commercial fish landings increased in 2014 as a result of higher raw material prices for key species, particularly snow crab, shrimp and turbot. Landed value totalled approximately $645 million, up 8.0% compared to $597 million in 2013 (see chart). Fish landings totalled just over 243,500 tonnes in 2014, down 8.7% from the previous year. The largest decrease occurred in shrimp landings with smaller declines spread across a number of other species.

Commercial Fishery Landings



r: revised; p: preliminary

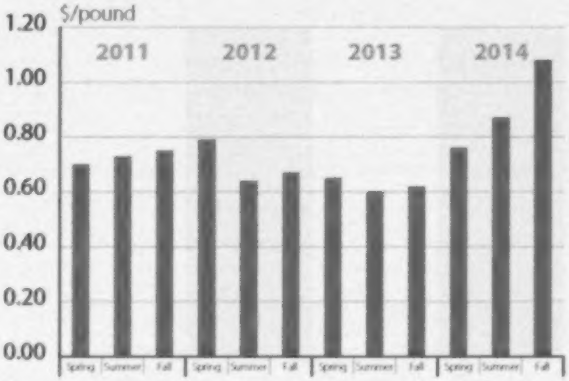
Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

Shellfish

Shellfish landings declined to just over 151,200 tonnes in 2014, a 10.1% decrease from the previous year, mainly due to quota cuts in the shrimp fishery. The corresponding landed value increased 9.0% to $528 million due to higher prices.

Snow crab landings declined slightly compared to 2013, recording a 1.8% decrease to approximately 49,900 tonnes. The associated landed value, however, increased 14.9% to $253 million. This was due to a 16.8% rise in the average raw material price for snow crab: $2.30/pound in 2014 compared to $1.97/pound in 2013.

Minimum Landed Price Paid to Harvesters
Inshore Shrimp



Source: Fish, Food and Allied Workers

Newfoundland and Labrador shrimp landings in 2014 decreased 14.9% to around 71,400 tonnes, mainly due to a reduction of 18,500 tonnes in the Total Allowable Catch for northern shrimp. However, from a revenue perspective higher raw material prices for shrimp more than offset the decline in landings. Overall landed value of shrimp increased 8.1% to $210 million. The minimum landed price paid to harvesters for inshore shrimp in the 2014 spring fishery was $0.76/pound, up from $0.65/pound in 2013. This minimum price increased throughout 2014, up to $0.87/pound in the summer fishery and eventually peaked at $1.08/pound in the fall fishery (see chart).

Groundfish

Groundfish landings in 2014 were up 2.5% over 2013, totalling approximately 34,370 tonnes. An increase in cod landings offset a decline in flounder catches. The corresponding landed value rose 8.2% to $100 million, resulting from higher raw material prices for some species, turbot in particular. Cod landings increased 22.9% to just over 10,100 tonnes, due to higher catches in NAFO Division 3Ps. The minimum price for premium cod was set at $0.80/pound, resulting in increased effort in 2014. Flounder landings decreased 16.6%, to 8,260 tonnes, primarily the result of lower landings in the offshore flounder fishery. Turbot landings were up 9.0% to around 11,750 tonnes, spurred on by higher prices.

Pelagics

Pelagics landings declined 10.6% in 2014 to 57,980 tonnes. This was the result of lower herring, mackerel and capelin landings. The corresponding landed value decreased 13.1% to $15 million in 2014. Herring landings were down 13.0% to approximately 25,720 tonnes, due to lower catches in the Gulf of St. Lawrence. Mackerel landings dropped 33.5% to around 3,440 tonnes, resulting from lower availability of commercial-sized fish. Capelin landings declined 4.3% to just over 28,730 tonnes.

Harp Seals

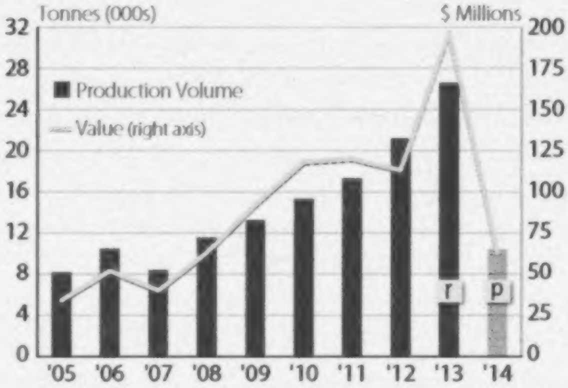
In 2014, the seal harvest was challenged by severe ice conditions and weak market demand. The number of seals harvested in 2014 fell by 37.7% to around 59,300, down from approximately 95,220 seals in 2013. The associated landed value declined 35.3% to $1.9 million. The average landed price per pelt ranged between $25 and $30, essentially on par with 2013. Restrictions on the sale of seal products in various markets continues to present a challenge for this fishery.

Aquaculture

Total aquaculture production was 9,240 tonnes in 2014, representing a decrease of 65.2% relative to 2013 (see chart). The decline in total production is primarily due to lower Atlantic salmon production. The corresponding market value totalled $59 million in 2014, down 69.9% from 2013.

Salmonid production volume and value fell in 2014. The production volume declined to 5,980 tonnes, down 73.1% relative to 2013, and the corresponding market value was $48 million, down 73.8%. Two primary factors contributed to lower salmonid production volume in 2014: the detection of the virus that causes Infectious Salmon Anaemia that occurred in 2012 and 2013 and subsequent measures undertaken, and the superchill event experienced during the winter of 2014. Salmonid production volume is expected to rebound in 2015.

Aquaculture Production Volume and Value
(all species)



r: revised; p: preliminary

Source: Department of Fisheries and Aquaculture

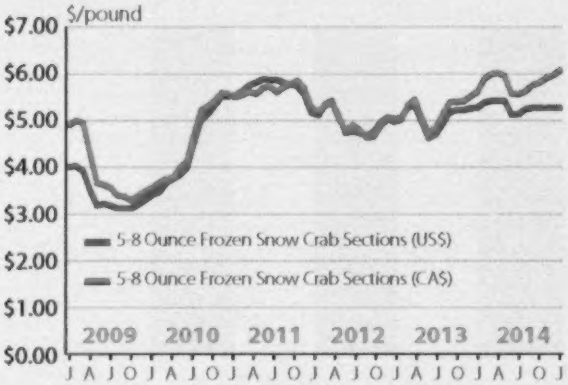
Shellfish production declined in 2014. There were 3,260 tonnes of blue mussels produced, down 25.1% over 2013, and the value declined 23.1% to $12 million. Production volumes are anticipated to return to 2013 levels over the next two years.

The Department of Fisheries and Aquaculture invested $2 million in Newfoundland Aqua Services through the Aquaculture Capital Equity Program, to support the development of a land-based net cleaning facility that will improve biosecurity in the salmonid sector. The Department also awarded a tender and began construction of a biosecure wharf in Milltown, which is anticipated to be completed in 2015. In addition, the Department completed some repair work to the Pool's Cove wharf.

Processing and Marketing

Seafood production totalled approximately 120,300 tonnes in 2014, down 18.3% from 2013. The decrease in production was largely the result of lower salmon production from aquaculture, though declines in landings of pelagics and shellfish also contributed. There were 86 active processing facilities in the province in 2014, on par with 2013. Of these, 74 were primary processing facilities (including aquaculture). The remaining 12 were involved in either secondary processing or retail (i.e. retail businesses with a licence to process fish for the provincial market only).

Monthly Crab Market Prices



Source: Umer Barry Publications Inc.; Department of Fisheries and Aquaculture; Bank of Canada

Together, the United States and China continued to account for over 50% of the international export market value for the province's seafood products. The United States remained the largest market and represented 36.5% of export value, while China accounted for 18.5%. Other major markets included the United Kingdom (7.2%), Vietnam (6.1%), Denmark (4.9%) and Russia (4.4%). Newfoundland and Labrador seafood product exports were valued at approximately $883 million in 2014, up 6.7% from $827 million in 2013.

Snow crab exports accounted for the highest value of all Newfoundland and Labrador seafood exports in 2014. The total export value for snow crab was $366 million, representing an increase of 3.4% from $354 million in 2013. Market prices for snow crab remained strong in 2014. The average price for 5-8 ounce snow crab sections was US$5.27/pound in 2014, up from an average of US$5.06/pound in 2013. A favourable exchange rate has increasingly become an advantage for snow crab producers in the province, and was especially evident in 2014 (see chart).

Prices for coldwater shrimp have increased substantially due to declining global supply. The price of 150-250 count shrimp averaged CA$5.65/pound in 2014, up 39.3% over 2013, according to Gemba Seafood Consulting. Coldwater shrimp prices have increased further since the beginning of 2015.

Demand for groundfish has increased substantially in some markets, raising prices for almost all species. It is anticipated that there will be a slight reduction in global supply in 2015, which will likely lead to increased prices. Market prices for cod, in particular, have already begun to rise.

The Canada-Korea Free Trade Agreement came into effect January 1, 2015. Nearly 70% of South Korean fish and seafood product tariff lines will be duty free within five years and all remaining duties on seafood will be eliminated within 12 years. This agreement provides opportunities for provincial seafood producers.

Outlook 2015

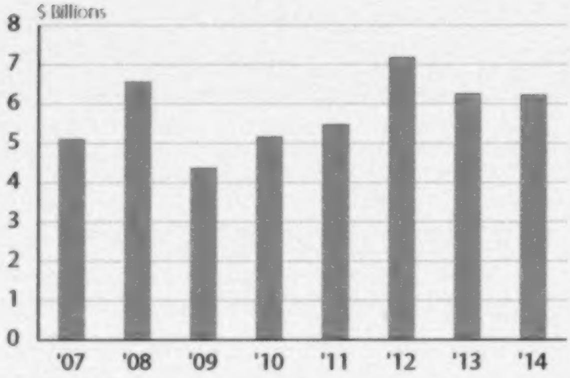
Fishery and Aquaculture

- Fish landings in the province are expected to remain stable in 2015. A slight decline in shellfish landings should be offset by increased groundfish and pelagics landings.
  - A reduction in inshore shrimp landings is anticipated in 2015, as a fishing moratorium will be placed on Shrimp Fishing Area 7 due to a decline in the stock.
- Strong demand for seafood products, and a weaker Canadian dollar, will likely bode well for the Newfoundland and Labrador seafood industry in 2015.
  - The American market price for snow crab will be lower in 2015; however, a more favourable exchange rate may more than offset the decline.
  - Danish coldwater shrimp prices are currently high but may not be sustained at this level throughout the year.
  - Demand and prices for groundfish are expected to rise.
- Aquaculture production in the province is expected to increase in 2015 after facing a challenging year in 2014.
  - Salmonid production levels are anticipated to rise in 2015, and fully rebound by 2016.
  - Blue mussel production volumes are expected to return to 2013 levels over the next two years.

Manufacturing

Newfoundland and Labrador's manufacturing industry contributed about $919 million to nominal GDP in 2013, accounting for roughly 2.7% of total provincial GDP. In 2014, manufacturing employment was approximately 10,600 person years and represented almost 4.4% of total employment in the province. While there are many manufacturers in the province producing a wide variety of products, the majority of manufacturing output is concentrated in four areas: refined petroleum, food processing (primarily fish), fabricated metal manufacturing and newsprint.

Manufacturing Shipments



Source: Statistics Canada

The value of provincial manufacturing shipments decreased slightly in 2014, mainly due to a drop in the value of refined petroleum products manufactured at the province's only oil refinery in Come by Chance. In 2014, manufacturing shipments totalled around $6.2 billion, representing a decrease of 0.5% compared to 2013 (see chart). Over the same period, the value of national manufacturing shipments grew 5.3%.

Phase 1 of the construction of Vale Newfoundland and Labrador Ltd.'s nickel processing facility in Long Harbour was completed in October 2013, with the successful production of first nickel in July 2014. Development of Vale's nickel processing plant at Long Harbour is expected to progress with phase 2 construction continuing this year. This work will enable the plant to transition from processing imported nickel matte to processing Voisey's Bay concentrate by the end 2016.

The volume of refined petroleum produced at the North Atlantic refinery in Come by Chance fell 11.8% in 2014 relative to 2013 due to lower daily average production. According to Harvest Operations Corp., owner of the refinery for the majority of 2014, the lower production was a consequence of a power outage in January, an unplanned outage in the last week of March, and a planned three week outage for regular maintenance followed by an unplanned 10 day outage on the isomax unit. The daily value of sales from the refinery fell 10.5% last year compared to 2013. Furthermore, the value of sales decreased less than the volume of refined petroleum produced as the refinery gross margin increased from US$1.07/barrel as of December 31, 2013 to US$4.43/barrel a year later. Capital expenditures at the refinery for 2014 totalled US$27.8 million, relating to various capital projects.

The ownership of the North Atlantic refinery changed late last year. The sale of NARL Refining, LP (including the North Atlantic refinery) to SilverRange Financial Partners LLC closed on November

13, 2014. This sale followed operating losses of US$691.1 million in 2013 and US$226.1 million last year. When the sale was announced in September 2014, the refinery employed 450 full-time and 35 part-time workers. According to SilverRange, the 115,000 barrel per day refinery in Come by Chance is strategically located along Atlantic crude oil shipping routes and provides access to petroleum markets in Europe and the U.S. Eastern seaboard. In addition, the company affirms that the refinery's clean-fuel technology enables it to produce low-sulphur, clean fuels, providing flexibility to refine crudes from many parts of the world. As a result, SilverRange has committed to investing capital and improving operations at the refinery to support continued operations, employment and economic benefits in the province. Specifically, it will reduce overall sulphur dioxide emissions at the refinery and undertake a capital investment program at the tank farm. Planned capital expenditures for 2015 are anticipated to total $80 million.

Fish processing continues to play a significant role in Newfoundland and Labrador's manufacturing industry. The value of seafood product exports totalled almost $883 million in 2014, representing an increase of 6.7% from 2013. This growth can be attributed to higher average market prices for some species (see *Fishery and Aquaculture* for details).

The value of fabricated metal manufacturing shipments totalled nearly $545 million in 2014, representing an increase of 223% relative to 2013. This growth demonstrates that fabricated metal manufacturing is benefitting greatly from the development of various major projects in the province. Fabricated metal manufacturing shipments comprised 8.7% of the total value of provincial manufacturing shipments in 2014, compared to only 2.7% in 2013. In addition, fabricated metal manufacturing employment averaged around 1,700 in 2014 – up 32% from 2013.

The volume of newsprint shipped from Corner Brook Pulp and Paper Limited dropped slightly in 2014, decreasing 0.3% relative to 2013. However, the estimated value of shipments rose 6.4% on a year-over-year basis due to higher Canadian dollar prices (see *Forestry and Agrifoods* for details).

Employment in the manufacturing industry averaged approximately 10,600 in 2014 – down 9.4% from 2013. Specifically, fish processing employment declined by around 400 as a result of continuing consolidation in the industry. Manufacturing employment excluding fish processing fell by about 700 mainly due to a large decline in other food manufacturing. These losses more than offset the gains in fabricated metal manufacturing employment.

Labour income in the manufacturing industry increased 11.9% in 2014 relative to 2013. This growth is the result of wage gains and a change in the distribution of manufacturing employment towards higher paying jobs. Nationally, manufacturing labour income rose only 1.5% over the same time frame.

Considerable manufacturing work continues to be completed throughout Newfoundland and Labrador:

- The gravity based structure (GBS) construction for the Hebron project began at the Bull Arm construction site in October 2012, while topsides fabrication for the project began in 2013. As of December 31, 2014, over 4,700 individuals were employed at this site and construction and fabrication activities for the project will proceed for several years.

- Husky Energy substantially completed a graving dock at the former naval base in Argentia at the end of March 2015. This facility was intended to be used to fabricate a concrete wellhead platform for the West White Rose Project; however, Husky announced in December 2014 that it is deferring the final investment decision on the West White Rose project for a year and will also consider other options to a fixed concrete wellhead platform. Nevertheless, the site will have the potential to be used for future fabrication work and to complete emergency or refit work on offshore drilling rigs.

- In March 2014, Pennecon Energy started assembling two decks for the Hebron GBS at the Port Harmon industrial facility in Stephenville and this work was completed in February 2015. Pennecon started assembling three more decks for the Hebron GBS in early December 2014 and this work should be completed by mid-October 2015. The work at the Port Harmon industrial facility has created about 120 manufacturing positions, including support staff.

- Fabrication of a sub-sea manifold structure for Husky Energy's South White Rose extension was completed between January and August of 2014 by Talon Energy at an industrial fabrication facility in Port-aux-Basques. Talon also started flare boom fabrication work for the Hebron project at the same facility in June 2014 and they expect this work to last until July or August of 2015. In 2014, Talon received a $500,000 repayable loan through the Atlantic Canada Opportunities Agency (ACOA) to assist with the cost of specialized equipment and provide working capital assistance. This support will help ensure continued fabrication work at the facility, which currently employs about 50 manufacturing positions.

- Fab-Tech Industries Inc. is located in Glovertown and has been in operation since 1980. They employ 13 full-time employees and operate year round in a 10,000 square foot production facility. Fab-Tech manufactures high quality metal fabrication products, including aluminum boats, processing equipment as well as production and harvesting barges. Their clients include recreation boaters, commercial fisher people, provincial and federal government departments, and private and publicly owned enterprises in a variety of industries. As of March 2015, Fab-Tech was in the process of fabricating 25 boats and an additional 35 boats should be completed by mid-July.

- Newfoundland and Labrador's advanced technology sector includes over 165 companies, employing almost 4,000 people—with estimated annual revenue of $1.6 billion. Within this sector, aerospace and defense employs an estimated 1,500 workers in core companies, generating $350 million in annual revenues, a three-fold increase since 2004.

Looking Forward

The manufacturing industry in Newfoundland and Labrador like other parts of Canada has had its share of challenges in recent history. At the national level, the industry has experienced major market setbacks (like the 2008/09 recession); has been subject to volatile currency exchange rates; and has faced increasing competition from low-cost manufacturing countries like China. In this province, the industry has also endured the closure of two newsprint mills over the last decade—the Stephenville mill in 2005 and the Grand Falls-Windsor mill in 2009—reflecting a significant decline in global newsprint demand. As well, the fish processing sector has experienced considerable rationalization.

From 2004 to 2013, real GDP in the provincial manufacturing industry fell slightly (down 2.0%). However, this was considerably better than performance nationally: Canada's real GDP declined 11.9% and major manufacturing provinces like Ontario and Québec recorded declines of 21.6% and 12.2%, respectively. Manufacturing employment in Newfoundland and Labrador decreased 37.3% between 2004 and 2014, reflecting primarily the closure of the two newsprint mills and consolidation in the fish processing sector. By comparison, Canada's manufacturing employment decreased 25.5% between 2004 and 2014.

Looking forward, the successful sale of the Come By Chance oil refinery in 2014, coupled with planned higher output levels at the Long Harbour nickel processing facility, restructuring at Corner Brook Pulp and Paper, and rising prices in important fish markets, should support higher activity levels in this industry.

Outlook 2015

Manufacturing

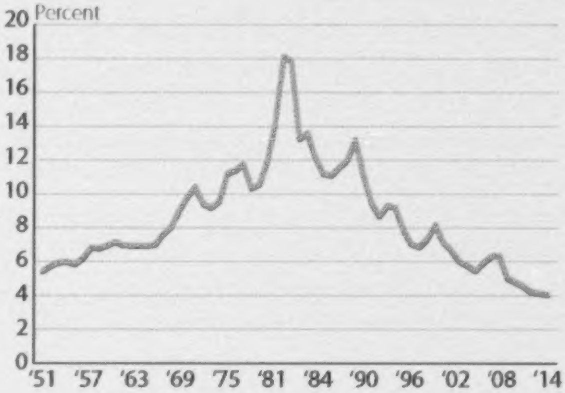
- The value of provincial manufacturing shipments is expected to increase in 2015 as Vale Newfoundland and Labrador's nickel processing plant continues to ramp up production and other companies post modest gains.
- Development of Vale's nickel processing plant at Long Harbour is expected to progress with phase 2 construction continuing this year. This work will enable the plant to transition from processing imported nickel matte to processing Voisey's Bay concentrate by the end 2016.
- The recent depreciation of the Canadian dollar with respect to the U.S. dollar should benefit local manufacturers.
- Fabricated metal manufacturing will continue to benefit from developments in the oil industry.
- The volume and value of newsprint shipments are anticipated to increase slightly.
- NARL Refining, LP anticipates spending approximately $80 million on capital expenditures at the North Atlantic refinery in 2015.

Real Estate

At the national level, the real estate market continued to grow in 2014, but performance varied across regions. Overall, housing starts increased 1.1%, the number of residential properties sold increased 5.1% and the average price rose 6.7%. The bulk of national growth was attributable to larger markets such as Toronto and Vancouver. Some traditionally strong markets such as Calgary exhibited declines in sales and flat price growth in the latter half of the year, reflecting the weaker economic climate due to the decrease in oil prices. Weakness was also evident in Atlantic Canada.

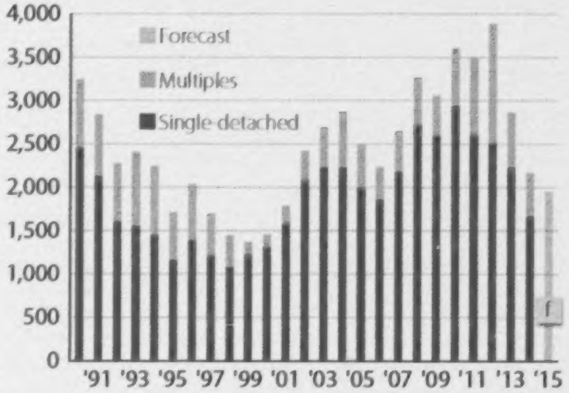
The real estate market in Newfoundland and Labrador weakened in 2014. Housing starts fell considerably, sales activity in the residential market declined, and housing prices plateaued. Vacancy rates rose in the residential and commercial rental markets, though rental rates continued to rise. Despite market weakness, some of the fundamental factors impacting demand for housing remained strong. Income growth was strong at 4.9% and mortgage rates remained low. The 5-year mortgage rate averaged 4.1% in 2014, the lowest level on record (see chart).

Average Residential Mortgage Rate - 5 year



Source: Bank of Canada

Housing Starts



f: forecast

Source: Statistics Canada; Department of Finance

Housing Starts

Housing starts in the province totalled 2,119 units in 2014, a decrease of 26% compared to 2013 (see chart). The decline in housing starts reflects a number of factors, including long-term adjustment to the tightening of mortgage regulations over the past five years, a build-up of housing stocks in previous years, and slow population growth.

Housing Starts by Region, NL

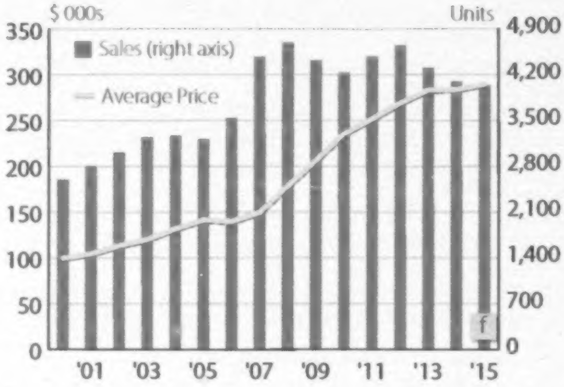
	2013	2014	% change
Total Urban	**2,024**	**1,496**	**-26.1%**
Bay Roberts	71	68	-4.2%
Corner Brook	57	75	31.6%
Gander	74	86	16.2%
Grand Falls-Windsor	88	37	-58.0%
St. John's CMA	1,734	1,230	-29.1%
Total Rural	**838**	**623**	**-25.7%**
Total Newfoundland and Labrador	**2,862**	**2,119**	**-26.0%**

Source: Canadian Mortgage and Housing Corporation

Most housing in Newfoundland and Labrador is comprised of single-detached residences. Single starts declined 25% to 1,670 units in 2014, compared to 2013. Multiple starts (which include denser housing types such as row, semi-detached homes, apartments and condominiums) fell to 449 units, down 33.3% compared to 2013 and 67% lower than the record high experienced in 2012.

On a regional basis, starts rose in Corner Brook and Gander but declined in all other areas (see table). Growth in Corner Brook and Gander was attributable to increased multiple starts. Within the St. John's Census Metropolitan Area (CMA), the largest market in the province, housing starts declined 34.2%—both single and multiple starts fell substantially.

Residential MLS® Sales and Average Price



f: forecast

Source: Canadian Real Estate Association

Residential Sales and Prices

The number of residential properties sold in the province through the Canadian Real Estate Association's Multiple Listing Service (MLS®) fell 4.7% to 4,100 units in 2014, compared to the previous year (see chart).

The average MLS® residential price in the province was $283,671 in 2014, an increase of 0.2% compared to 2013. In the St. John's CMA, the average MLS® residential price was $325,803 in 2014, an increase of 1.6%. Moderated price growth in the province reflects a shift from a relatively balanced market to a buyers' market as indicated by a drop in the sales-to-new listings ratio. The ratio of sales to new listings fell from about 42.7% in 2013 to 37.3% in 2014. A sales-to-new listings ratio between 40% to 60% is generally consistent with balanced housing market conditions. Readings above or below this range indicate sellers' or buyers' markets, respectively.

Rental Market

Residential vacancy rates in Newfoundland and Labrador increased in 2014, but remained low by historical standards. Significant growth in the province's housing stock over the past number of years has contributed to rising vacancy rates, and this is expected to persist as the market rebalances. The province's average vacancy rate was 4.1% in October 2014, up 1.4 percentage points (ppt.) from October 2013. Vacancy rates varied throughout the province, but all urban areas recorded relatively low rates. Vacancy rates were 2.9% in Corner Brook (up 2.9 ppt. from October 2013), 0.7% in Gander (down 0.2 ppt.), 3.1% in Grand Falls-Windsor (up 0.8 ppt.), and 4.7% in St. John's (up 1.7 ppt.).

The average monthly rent for a two-bedroom apartment in the province in October was $812, up from $784 in the previous year. By comparison, the average rent for a two-bedroom apartment was comparable in Prince Edward Island ($819), higher in Nova Scotia ($955), and lower in New Brunswick ($735).

Commercial

The commercial office sector has seen significant growth in recent years in tandem with growth in the economy. The establishment of offices by oil companies and firms that support the oil industry has been one of the main catalysts for increased demand for office space. 2014 marked the completion of several significant developments in the St. John's area, such as 351 Water St. and Fortis Place. Over the course of 2014, commercial construction completions in the St. John's CMA totalled 360,400 square feet, over four times what was completed in 2013. There is currently almost $90 million being spent on ongoing commercial real estate projects in St. John's.

As a direct result of this increase in supply, the office space vacancy rate in St. John's averaged 5.7% in 2014, up almost a full percentage point compared to 2013. However, strong demand for office space—combined with a significant increase in new and renovated office space which generally commands a higher price than older space—has resulted in the average rental rate for office space growing by 5.6% to $33.93 per square foot in 2014 compared to 2013.

Outlook 2015

Real Estate

- The residential real estate market is expected to experience reduced activity in 2015, with fewer housing starts than in recent years and moderating sales activity.
- Housing starts in 2015 are forecast at 1,915 units, this amounts to a 9.6% decrease compared to 2014.
- The Canadian Real Estate Association forecasts sales to decline by 1.0% to 4,060 units. The average residential resale price is expected to fall by 0.4%, to $282,600.
- 2015 began with the Bank of Canada lowering the overnight rate by 25 basis points to 0.75%. Some analysts believe additional lowering may come later this year. This will likely translate into lower mortgage lending rates and, as a result, may encourage new buyers to enter the housing market.

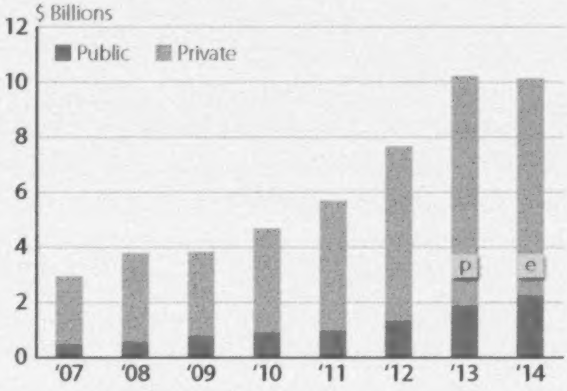
Construction

Activity in the construction industry remained historically high in 2014, capping off an unprecedented period of growth over the past decade. Overall, construction investment is estimated to have reached $10.1 billion, just below record high spending in 2013 (see chart). Resource-based major project activity continued to dominate private sector spending. Public sector investment grew by 20.5% in 2014, reaching $2.3 billion, primarily reflecting the development of the Muskrat Falls project but also construction of public infrastructure (e.g. Trans Labrador Highway).

Investment Expenditures

Non-residential investment expenditures accounted for the largest portion (85%) of construction investment in 2014. Expenditures in this sector grew 1.0% in 2014 to $8.6 billion, a record high. Nearly 70% of non-residential expenditures were attributable to the mining and oil and gas extraction industries. Investment in mining and oil and gas last year included both the expansion of active oil projects, such as White Rose and Hibernia, as well as new construction related to the ongoing development of the Hebron project. Investment in the utilities industry was

Construction Investment



p: preliminary; e: estimate

Source: Statistics Canada; Department of Finance

Residential Renovation Market

While residential investment declined in 2014 and the housing market slowed, spending in the renovation market in the province was at an all-time high. Renovation spending grew 9.1% compared to 2013, nearing $885 million. Although it has varied historically, the renovation share of residential investment in Newfoundland and Labrador has consistently been larger than that of the rest of the country, 51.6% on average over the 2010-2014 period compared to a national average of 43.3%. This is attributable to a number of factors, in particular, the province's higher rates of home ownership, which produce a larger pool of property owners (and market for renovations). This demand has also been supported by considerable income growth in recent years and significant increases in equity in some areas because of rising house prices.

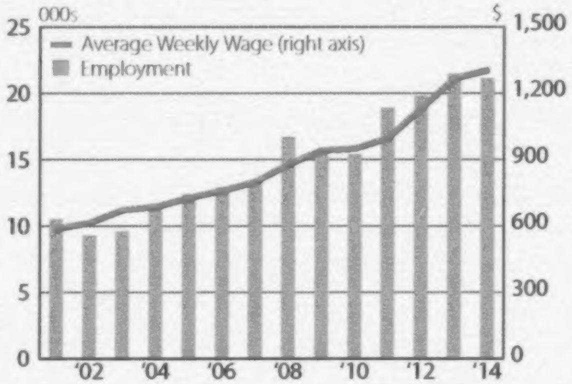
also significant, having increased 47.4% compared to 2013, reflecting work on the Muskrat Falls project.

Investment in residential construction fell 9.3% in 2014, but remained high on a historical basis, at $1.5 billion. Investment in new dwellings fell below $600 million for the first time since 2009, representing a decline of 21.8% compared to 2013. Lower investment in new dwellings is consistent with fewer housing starts last year (see *Real Estate*). This decline was partially offset by significant growth in renovations (see box).

Employment and Wages

The surge in construction investment in the province is reflected in the industry's labour market indicators. Construction employment and wages have increased considerably over the past 10 years (see chart). Between 2004 and 2014, average weekly wages in the province's construction industry increased 89.7%. In 2014, the average weekly wage in the construction industry reached $1,300. Amongst provinces, only Alberta recorded a higher wage level.

Construction Employment and Wages



Source: Statistics Canada

Construction industry employment also increased dramatically over the 2004 to 2014 period, increasing 80.6%. Average employment in the construction industry decreased by about 1% in 2014, compared to the same period in 2013, reflecting lower housing starts, and lower employment levels at Vale's nickel processing facility at Long Harbour as development of this project began to wind down. At around 20,000 people, construction employment in the province is still at one of the highest levels ever recorded. Ongoing major project developments, as well as a number of new commercial and industrial projects, are the primary drivers of historically high levels of construction employment in Newfoundland and Labrador. It should also be noted that the construction industry employment data for this province also includes inter-provincial employees (or people who reside in Newfoundland and Labrador but commute to construction work outside the province).

Outlook 2015

Construction

- Construction investment is expected to remain at $10.1 billion in 2015, reflecting significant non-residential spending.
- Non-residential construction spending is expected to grow by 0.7% to $8.6 billion, reflecting, in part, anticipated spending on the development of major projects.
- Residential construction spending is expected to decrease 3.4% to just under $1.5 billion. Spending reductions are consistent with the decline anticipated in housing starts, although renovation activity is expected to remain high.
- Housing starts in 2015 are forecast at 1,915 units, this amounts to a 9.6% decrease compared to 2014 (See *Real Estate*).
- Over $37 billion in project spending is planned or underway in the province according to the Inventory of Major Capital Projects (see page 72).

Travel and Tourism

Global and National Travel

Global tourism continued to post strong growth in 2014 according to the World Tourism Organization, despite economic and geopolitical challenges. Destinations around the world received 1.14 billion international overnight visitors during 2014, an increase of 4.4% over 2013. Global tourism has been robust for five consecutive years, with annual average growth of 5.0% per year since 2009.

Travel to Canada increased last year, with about 25.6 million trips to the country, an increase of 1.6% over 2013. This growth reflected a substantial increase in overseas visitors which offset lower numbers from the United States. U.S. visits to Canada have been substantially lower in recent years, reflecting a number of factors including tighter border regulations and increased competition from other destinations. Visitors to Canada from outside the U.S. increased 10.2% last year, with Asia and Europe accounting for most of the increase.

The accommodation industry recorded higher occupancy rates last year, reflecting growth in both domestic and international tourism. The average Canadian hotel occupancy rate for the year was 64.3%, up 1.5 percentage points (ppt.) from 2013. The average revenue generated per room sold in 2014 increased 3.7% to $137.28 compared with the previous year.

Provincial Travel

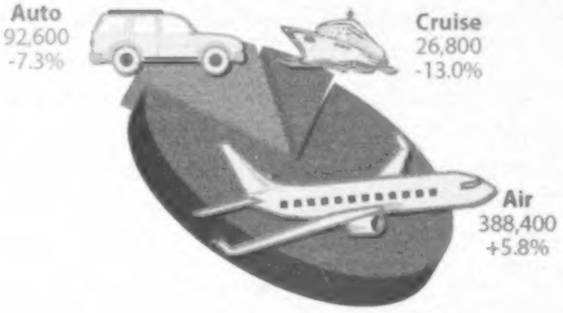
Travel and tourism in Newfoundland and Labrador consists of residents who travel within the province and non-residents who visit the province. In recent years, the sector has recorded annual expenditures of about $1 billion. There has been considerable investment in the sector, including

the expansion of airports; replacement of ferry vessels; construction of restaurants, convention facilities and hotels; and increased marketing initiatives. These investments have served to enhance the quality and quantity of travel and tourism services. Residents engaging in tourism activities within the province typically represent between 50% and 60% of spending in the province's tourism sector. Non-resident tourists, who generate economic wealth by bringing in new spending from outside the province, account for the remainder of the spending. Ontario and the Maritimes typically account for the majority (62% in 2011) of non-resident visitors to the province.

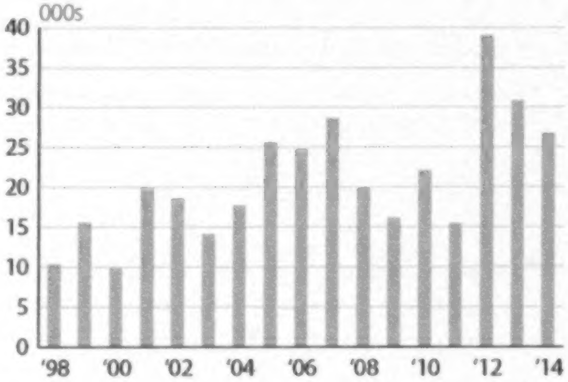
The number of non-resident visitors to the province reached an estimated 507,900 in 2014, an increase of 2.0% over the previous year. More visitors arriving by air offset a decline in visitors arriving by automobile and cruise ship. Expenditures by non-resident visitors are estimated to have totalled around $491 million in 2014, up over 5% from 2013.

Visitors arriving by air are the largest segment of the province's non-resident tourism sector, accounting for approximately 76% of visitors and 82% of spending in 2014. During 2014, the number of air visitors reached 388,400, up 5.8% compared to 2013 (see chart).

Non-Resident Visitors
by Mode of Travel to the Province, 2014



Cruise Ship Visitors



Note: These figures are estimates of unique visitors based on detailed cruise ship itineraries. Passengers are counted once regardless of the number of ports visited.

Source: Department of Business, Tourism, Culture and Rural Development; Cruise Newfoundland and Labrador

Air passenger traffic has been supported in recent years by additional seat capacity. Inbound non-stop seat capacity totalled almost 1.3 million in 2014, up 11.0% or nearly 126,200 seats from 2013. The increase was mainly driven by Canadian domestic flights, although expanded capacity has also occurred on routes to and from Europe and sun destinations.

Seat capacity on intra-provincial flights (flights within the province) reached nearly 447,000 seats in 2014, up 5.9% over the previous year. This offset the decline that occurred in 2013. In 2014, capacity increases occurred for intra-provincial flights to airports on the island portion of the province as well as to airports in Labrador. With this latest increase, the number of intra-provincial seats has expanded 17% (or more than 64,000 seats) in four years.

Non-resident automobile visitation continued to decline in 2014. The number of automobile visitors arriving by Marine Atlantic ferry totalled 92,600, down 7.3% from 2013. Declines were recorded in most major markets (i.e. Maritimes, Ontario, Québec, Western Canada and the U.S.). Travelling by auto continues to be challenged by many factors, including volatile fuel prices, ferry rates, the convenience of air travel, and a general shift in travel behavior and preferences.

The decline in automobile visitors is part of a downward trend which started approximately 10 years ago. While automobile visitors only accounted for 18% of non-resident visitors in 2014, these travelers provide considerable benefits to tourism operators throughout all regions of the province, in particular those that operate in the corridors of the ferry ports in Argentia and Port aux Basques.

Estimates indicate that there were about 26,800 unique non-resident cruise visitors during the cruise ship season this year.[5] Although this figure represented a decline of 13.0% from the 2013 cruise season, it was a reasonably high level of activity compared to historical cruise visitors (see chart). The 2014 cruise season did see an expanded itinerary of ports visited and number of port calls. The lower number of unique visitors reflected smaller expedition cruises.

Demand for accommodation services declined slightly in 2014, but remained at very high levels. Approximately 1.35 million accommodation room nights were sold, down 1.0% from 2013; however, the average revenue generated per room sold increased 4.4% to $133. The overall accommodation occupancy rate for the province was 50.9% during 2014, a decrease of 0.7 percentage points compared with 2013. On a regional basis, occupancy rates declined in Labrador (down 5.4 ppt.), Avalon (down 3.6 ppt.) and Central (down 0.8 ppt.) areas. Occupancy rates in the Eastern and Western regions of the province increased 5.0 ppt. and 1.5 ppt., respectively.

The Avalon is the largest accommodation market in the province. This region has experienced considerable investment in hotel facilities in recent years. The year-over-year decline in occupancy rates in this region in 2014 reflected both lower room sales and increased capacity (number of rooms available).

The major meetings and convention market (i.e. events booking 50 or more guest rooms per night) in the St. John's Metropolitan Area recorded a decline in activity in 2014. Approximately 24,490 delegates attended various events, down 5% from the previous year. The number of room nights purchased by the delegates totalled 37,600, down 11% from 2013. The $64 million expansion to the St. John's Convention Centre continued in 2014. The St. John's Convention Centre closed its doors on October 28, 2014, and will reopen as a new, state-of-the-art facility, ready to welcome guests in early 2016.

The Provincial Government has promoted tourism through many channels including award-winning marketing campaigns and mobile applications. Over 38,000 enquiries for provincial travel-related information from all sources (i.e. web, e-mail, telephone) were reported in 2014. In addition, approximately 1.9 million visits were registered at the tourism website. Combined, these interest levels in the province as a travel destination represent an increase of about 2% compared to 2013. To translate this interest into visitation and to ensure an exceptional visitor experience, the Government of Newfoundland and Labrador continues to work in partnership with industry and other tourism stakeholders to advance several visitor-focused initiatives.

---

[5] This figure is a Department of Business, Tourism, Culture and Rural Development estimate based on a review of itinerary information. This estimate only counts passengers once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel.

Outlook 2015

Travel and Tourism

- Global international tourist travel is expected to grow between 3% and 4%, reaching a new record.
- Non-resident pleasure travel to the province should benefit from lower fuel costs and the weaker Canadian dollar, which acts as an incentive for American tourists and also makes vacationing within Canada more attractive for Canadians. Non-resident corporate or business travel, however, is expected to be negatively impacted by the weaker economic outlook.
- In terms of resident tourist activity, the lower dollar may curb resident travel to international destinations. Weaker income growth may also prompt more residents to opt for a vacation at home.
- Cruise activity is expected to be solid. There are 73 port calls tentatively booked for the 2015 cruise season, with more expected as cruise lines finalize itineraries.
- Planned hotel projects in the St. John's area could boost accommodation capacity by more than 25% over the next several years.
- The number of bookings for major meetings and conventions in the St. John's area is expected to be down somewhat due in part to the construction related closure of the St. John's Convention Centre. However, the expansion of the St. John's Convention Centre bodes well for event activity beyond 2015.
- St. John's International Airport will continue with the expansion of the airport terminal building and installation of a new landing system. The new landing system will be operational in 2016, and will allow more flights to operate on schedule regardless of low visibility, increasing airport accessibility.

Muskrat Falls Project

Project Overview

The lower Churchill River is one of the most attractive undeveloped hydroelectric sites in North America and is a key component of the province's energy warehouse. The Muskrat Falls hydroelectric development on the lower Churchill River in Labrador includes construction of an 824 megawatt (MW) hydroelectric generating facility and more than 1,500 kilometres of associated transmission lines that will deliver electricity to homes and businesses in Newfoundland and Labrador.

The development of Muskrat Falls will provide a clean, renewable source of electricity to meet the province's growing energy demands. It will provide Newfoundland and Labrador with stable electricity rates and will be a valuable power-producing asset for the province well into the future. In addition, the development will help Canada's efforts to reduce greenhouse gas emissions.

The Muskrat Falls Project was sanctioned by the Government of Newfoundland and Labrador in 2012. Construction commenced in late 2012 and first power from the Muskrat Falls hydroelectric generating facility is expected in late 2017.

Project Advancements in 2014

Progress was made across all areas of the Muskrat Falls Project in 2014 with several milestones achieved during the year.

At Muskrat Falls, all infrastructure was in place to support construction of the 824 MW hydroelectric generating facility, including a 1,500-person accommodations complex. The first placement of concrete in the spillway structure in August was a major milestone for the facility.

For transmission line work in Labrador, right-of-way clearing was completed on the line between Muskrat and Churchill Falls. In October, the first transmission tower was safely erected and progress on line construction continued throughout the year.

Work also progressed on the Labrador-Island Link (LIL) from Muskrat Falls to Soldiers Pond, including the Strait of Belle Isle marine cable crossing. Construction of the 1,100 kilometre transmission line began in summer 2014 with clearing and access road construction south of Muskrat Falls in Labrador. Work also started on tower line construction and assembly in Labrador. The horizontal directional drilling program in the Strait of Belle Isle was successfully completed before the end of the year, marking a significant milestone for that component of the project.

2014 at a Glance:
Benefitting Newfoundlanders & Labradorians

Over **5M hours** worked in 2014

Over **10M hours** worked since start of construction

3,274 NL residents working on the project at peak in 2014

81% of project workforce

3,539 people working in Labrador at peak in 2014; **1,147** were Labrador residents

507 NL Aboriginal people working on Muskrat Falls at peak in 2014

547 women working on the project at peak in 2014

92% of women working on the project were **NL residents**

$394M invested in NL in 2014

$705M invested in NL labour & business since start of project construction

**Figures above for 2014 and project to date*

Benefits for Newfoundlanders and Labradorians

The Muskrat Falls Project will meet Newfoundland and Labrador's energy needs into the future and deliver significant long-term value to the people of the province.

Economic and employment benefits from the project are being realized across the province. In 2014, employment on the project peaked at just over 4,000 people; 81% of those workers were residents of Newfoundland and Labrador. The project has also fostered tremendous economic benefits, with almost $400 million invested in over 500 businesses in the province in 2014.

In 2014, employment of women peaked in August at 547, accounting for 16% of the workforce in that month. Employment of Newfoundland and Labrador people who self-identified as a member of an Aboriginal group reached a peak of 507 workers and 450 of these workers were members of one of the three Labrador Aboriginal groups.

Investing in Newfoundland and Labrador

The Muskrat Falls Project is generating significant benefits for businesses and labour in Newfoundland and Labrador. In 2014, total expenditures for the project were almost $984 million, with almost $400 million invested in Newfoundland and Labrador businesses, representing around 40% of total project expenditures during the year.

Engineering, Procurement and Construction

Overall, construction is progressing as planned on the Muskrat Falls Project. Major milestones were achieved in 2014 and Nalcor expects to see these achievements continue for all components of the project in the 2015 construction year.

Detailed project engineering work for the Muskrat Falls Project was 98% complete at the end of 2014 with carry-on engineering work that will support the construction effort continuing through to project completion. Also in 2014, significant procurement activities continued with many large contracts awarded. At the end of the year, over 90% of total contract value had been committed. All awarded contracts and procurement information is reported in the Muskrat Falls Project's Monthly Reports and available at *www.muskratfalls.nalcorenergy.com*.

Activity ramped up in all areas of the project across the province throughout the year. At the Muskrat Falls hydroelectric generation site in Labrador, mobilization of Astaldi Canada, the main contractor responsible for constructing the intake, powerhouse, spillway, and transition dams continued. Progress was made in the areas of integrated cover system erection, concrete placement, foundation preparation, installation, formwork and rebar placement. Progress was also made on the manufacturing of the gates, turbines and generators, with the first delivery of turbine components to the Muskrat Falls site by the end of the year.

Mobilization of the contractor for the transmission line between Muskrat Falls and Churchill Falls in Labrador and LIL commenced, and progress was made on the clearing as well as assembly and installation of transmission equipment and towers.

Civil works was completed in Muskrat Falls, Churchill Falls, the Strait of Belle Isle and Soldiers Pond in preparation for the installation of electrical infrastructure. The Strait of Belle Isle marine cable crossing program continued and by the end of the year, the sixth and final bore hole required for the crossing of the submarine cable from Forteau Point, Labrador to Shoal Cove, Newfoundland was completed.

Moving forward with the project, the focus will continue to be on safe execution of work to ensure the delivery of power within the schedule and budget. Additional information on construction activities is available on the Muskrat Fall Project website at: www.muskratfalls.nalcorenergy.com.

Aboriginal Affairs

Following execution and ratification of the Tshash Petapen (New Dawn) Agreements, Nalcor commenced implementation of the Impact and Benefits Agreement (IBA) with the Innu Nation. By the end of December 2014, the $140 million procurement commitment outlined in the IBA with Labrador Innu Nation was exceeded with more than $450 million in contracts being awarded to Innu-owned businesses or joint ventures.

Processes and personnel have been put in place to support Innu employment. In 2014, employment of Labrador Innu workers peaked in August, with 206 Labrador Innu working on all components of the project.

Throughout 2014, Nalcor continued to work with the Labrador Aboriginal Training Partnership (LATP) and contractors to build local capacity through education and training to help Labrador Aboriginal people qualify for employment opportunities with the Muskrat Falls Project.

Committed to Environmental Stewardship

Nalcor is committed to maintaining a high standard of environmental responsibility that will help sustain a diverse and healthy environment for generations of Newfoundlanders and Labradorians. The company has implemented an Environmental Management System (EMS) for the Muskrat Falls Project to ensure regulatory compliance, and that commitments and conditions of environmental assessment are met.

Environmental protection plans have been developed for both the generation and transmission projects and have been submitted to, and approved by, the provincial and federal governments. Environmental effects monitoring programs have been initiated for many environmental components in 2013 and continued throughout 2014.

Submitted by: Nalcor Energy

Inventory of
Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public[6] and private projects that are either continuing or beginning in the current year. In many cases the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and mid-April 2015.

According to this year's inventory, over $37 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at almost $21 billion (see the table on page 73). The Hebron oil project is the single largest item in the category with a total estimated cost of $14.0 billion. Utilities is the second largest category in the listing (the estimated $7 billion Muskrat Falls project is the largest project in this category). Industrial/Manufacturing is third in size, mainly reflecting the estimated US$4.25 billion nickel processing facility at Long Harbour. Public infrastructure spending is also significant in the listing as evidenced by figures in categories such as Transportation, Municipal Infrastructure, Health Care/Personal Care and Education.

The listing on the following pages is organized by project type (e.g. Commercial, Health Care/ Personal Care, Transportation). Key information is included, such as project name, capital cost, start and end date, and description. When possible geographic information is also provided, including community and economic zone. A map of the economic zones can be found at: *www.stats.gov.nl.ca*

---

[6] Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases, is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.

An asterisk (*) by a project name denotes that the project has a start and end date on a fiscal year basis (e.g. start/end denoted as 2015 refers to the project starting and ending in fiscal year 2015-16; start/end denoted as 2015/2016 refers to the project starting in fiscal year 2015-16 and ending in fiscal year 2016-17). All other years are reported on a calendar year basis.

The inventory of major projects is also available on the Economic Research and Analysis Division's website (www.economics.gov.nl.ca) in a searchable database. The online database includes search capabilities by Industry, Community and Economic Zone. As well, there is a feature that allows readers to help identify projects for future lists.

TBD: To be determined

NA: Not available

Major Projects ($ Millions)	
Mining and Oil & Gas	20,838.2
Utilities	7,216.8
Industrial/Manufacturing	4,381.6
Transportation	1,381.2
Municipal Infrastructure	1,169.3
Residential	930.8
Tourism/Culture/Recreation	409.0
Commercial	319.2
Other Investment	313.5
Health Care/Personal Care	283.2
Education	137.8
Agriculture/Fishery/Forestry	81.3
Total	**37,461.9**

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Cranberry Industry Development	9.4	2014/2019	Various	Cranberry Association of Newfoundland & Labrador Inc. - development of an additional 190 acres of new cranberry bog. Farms to be located throughout the island. (Various)
Forest and Agriculture Access Roads*	4.5	2015/2015	Various	Construction and maintenance of access roads on Crown land. Provincial funds. (Various)
Harbour Development*	42.1	2015/2015	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of the repair, maintenance and development of active fishing harbours. Federal funds. (Various)
Net Service Facility	4.0	2012/2015	13	Newfoundland Aqua Services Ltd. - expansion of a net washing operations facility to service the aquaculture industry. (St. Alban's)
Salmon Aquaculture Operation	17.7	2014/2018	13	Northern Harvest Sea Farms Newfoundland Ltd. - marine improvements to support salmon farming operations. Partial federal/provincial funding. (Connaigre Peninsula)
Wharf*	3.6	2014/2015	13	Construction of an inflow wharf. Provincial funds. (Milltown)
Commercial				
Commercial Building	4.5	2015/2016	19	Baine Johnston Properties Ltd. - construction of a furniture store on East White Hills Road. (St. John's)
Commercial Building	4.0	2014/2015	19	Cherry Lane Construction, Inc. - construction of a 14,000 sq. ft. commercial building with office and retail space on White Rose Drive. (St. John's)
Commercial Building	NA	2013/2015	19	Crosbie Group Limited - construction of a three-storey, 30,000 sq. ft. building featuring office and retail space on Hebron Way. (St. John's)
Commercial Development	10.0	2014/2015	19	Redwood Management Ltd. - construction of a new commercial building to be located on Kenmount Road. Will feature approximately 30,000 sq. ft. of retail space, 12,000 sq. ft. of office space and 5,000 sq.ft. of restaurant space. (St. John's)
Commercial Development	15.0	2014/2015	19	East Port Properties Limited - construction of two warehouse buildings with combined area of 100,000 sq. ft. on Beclin Road. (Mount Pearl)
Commercial Development	2.5	2015/2016	19	59931 Newfoundland & Labrador Limited - construction of three residential units with commercial space on the ground floor and residential units on the upper floors. Located on Harvey Road. (St. John's)
Commercial Development	5.0	2014/2017	19	Karamar Holdings Limited - construction of six commercial/retail buildings to be located on Corey King Drive. The buildings will total 80,000-100,000 sq. ft. (Mount Pearl)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Commercial Town Centre	80.0	2015/2022	19	Karwood Contracting Ltd. & Karwood Estates Inc. - development of "Karwood Market", a commercial town centre. To be developed over three phases. (Paradise)
Commercial/Industrial Development	13.0 - 17.0	2014/2018	17	Karwood Estates Inc. - infrastructure development for the Veterans Memorial Business Park near Spaniard's Bay. (Spaniard's Bay)
Commercial/Light Industrial Park - Phase II	3.0	2015/2015	19	Metcalfe Holdings Ltd. - phase II development of a new commercial/light industrial park adjacent to Fowler's Road. (Conception Bay South, St. John's)
Commercial/ Residential Water and Sewer Development	1.0	2015/2015	17	Karwood Estates Inc. - commercial/residential water and sewer development. (Whitbourne)
Gas Bar/Convenience Store/Coffee Shop	NA	2015/2015	19	Southlands Development Inc. - construction of a gas bar, convenience store and coffee shop at the corner of Great Southern Drive and Southlands Boulevard. (St. John's)
Gas Station/Car Wash/ Convenience Store	3.0	2015/2015	19	Sovereign Asset Management Inc. - establishment of a gas station, car wash and convenience store with food service and drive-thru. To be located on Hebron Way. (St. John's)
Industrial Park Servicing	1.9	2015/2015	8	Town of Pasadena - development of a waterline to service the town's industrial park. (Pasadena)
Office Building	18.0	2014/2015	19	55732 Newfoundland & Labrador Inc. - construction of a four-storey, 70,000 sq. ft. office building on Hebron Way. (St. John's)
Office Building	3.4	2014/2015	19	Fougere Menchenton Architecture Inc. - construction of a courtyard building on Mews Place. Will feature office, boardroom and a multi-purpose assembly space. (St. John's)
Office Building	5.0	2015/2015	19	Monarch Development Inc. - construction of a two-storey, 20,000 sq. ft. office building to be located on International Place. (St. John's)
Office Building	7.5	2014/2015	19	Cabox Properties Limited - construction of a three-storey, 35,000 sq.ft office building on Hebron Way. (St. John's)
Office Building	15.0	2014/2016	19	Bristol Development Inc. - construction of two 45,000 sq. ft. office buildings to be located on Kelsey Drive. (St. John's)
Office Building Expansion/ Refurbishment	23.0	2014/2016	19	East Port Properties Limited - expansion of the existing Scotia Centre to include a three-storey, 27,000 sq. ft. office space addition. Also includes the refurbishment of the existing building's systems and finishes. (St. John's)
Office/Warehouse Building	3.5	2014/2015	19	Mallam Holdings - construction of a 26,000 sq. ft. building featuring office and warehouse space. To be located on Major's Path. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Retail/Business Park	95.0	2012/2018	19	KMK Capital Inc. - construction of the Field Power Centre, a 50.44-acre retail and industrial development located off Torbay Road. (St. John's)
Storage Facility	3.9	2014/2015	19	M. & J. Developments Limited/J.P. Shannon Realties Limited - construction of a 20,000 sq. ft. individual storage facility to be located on Kenmount Road. (St. John's)
Education				
Building Renovation	TBD	2013/2016	19	Memorial University of Newfoundland - renovation of the former Battery Hotel to increase office space, develop new meeting and conference space as well as develop 87 new post-graduate residences. (St. John's)
Campus Maintenance*	1.4	2015/2015	8, 19	Annual maintenance of various Memorial University of Newfoundland buildings. Provincial funds. (Corner Brook, St. John's)
College Modernizations*	4.3	2014/2016	Various	Upgrades to various shops and laboratories at College of the North Atlantic campuses as well as related equipment purchases. Provincial funds. (Various)
Infrastructure for Cold-Water and Deep-Sea Research*	20.6	2010/2015	19	Memorial University of Newfoundland - creation of facilities for the study of cold-water and deep-sea organisms, infectious diseases affecting marine animals, invasive aquatic species and ecosystems at the Ocean Sciences Centre. The funding will be used for the construction of new buildings, laboratories, research facilities and equipment. Primarily funded by the provincial and federal governments. (Logy Bay-Middle Cove-Outer Cove)
Laboratory Upgrades*	13.5	2009/2015	8, 19	Laboratory upgrades at Memorial University of Newfoundland. Total anticipated expenditures of $1.7 million for the 2015/16 fiscal year. Provincial funds. (Corner Brook, St. John's)
Medical Laboratory Sciences Program*	1.5	2014/2015	12	Capital funding to support the medical laboratory sciences program at the Grand Falls-Windsor College of the North Atlantic campus. Provincial funds. (Grand Falls-Windsor)
School Construction and Renovations*	95.4	2015/2015	Various	Various activities including new school construction, renovations, extensions and major maintenance projects. Provincial funds. (Various)
Science Building	TBD	2015/2019	19	Memorial University of Newfoundland - construction of a new science building at the St. John's Campus. To be located along Prince Philip Drive. (St. John's)
Subsea and Surface Technology*	1.1	2012/2017	19	Memorial University of Newfoundland & Autonomous Oceans Systems Laboratory - capital costs associated with development of unmanned subsea and surface technologies for ice and ocean observation. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Health Care/Personal Care				
Dialysis Unit Redevelopment *	7.0	2014/2015	12	Redevelopment of the dialysis unit at the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Electrical Substation and Emergency Power Capacity Upgrade*	21.3	2013/2017	19	Construction of a new electrical substation at the Health Sciences Centre site. Will also include upgrading of the existing emergency power capacity. Provincial funds. (St. John's)
Health Care Facilities*	60.0	2015/2015	Various	Expenditures for renovations and upgrades to existing health facilities. Includes $40 million for equipment purchases. Provincial funds. (Various)
Health Centre*	18.4	2011/2017	11	Construction of a new health centre to replace the existing Green Bay Health Centre. Provincial funds. (Springdale)
Hospital*	TBD	2013/TBD	8	Construction of a new regional hospital to replace the existing Western Memorial Regional Hospital. (Corner Brook)
Hospital Redevelopment*	8.8	2014/2017	12	Redevelopment of the endoscopy/cystoscopy suites at the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Integrated Operating Rooms*	5.0	2014/2020	19	Upgrading of the operating room suites at the Health Sciences Centre and St. Clare's Mercy Hospital. Provincial funds. (St. John's)
Long-Term Care Facility Expansion*	8.9	2013/2015	3	Construction of an extension to the long-term care facility in Happy Valley-Goose Bay to increase the bed capacity of the facility. Provincial funds. (Happy Valley-Goose Bay)
Long-Term Care Home and Ambulatory Care Redevelopment*	108.2	2009/2017	17	Construction of a new long-term care home to replace three existing facilities, as well as redevelopment of the ambulatory care area at Carbonear General Hospital. Provincial funds. (Carbonear)
Medical Device Reprocessing Redevelopment*	3.0	2014/2016	19	Redevelopment of the medical device reprocessing areas at the Health Sciences Centre. Provincial funds. (St. John's)
Mental Health Facility*	TBD	2013/TBD	19	Construction of a new mental health facility to replace the existing Waterford Hospital. (St. John's)
Molecular Imaging Facility*	30.4	2009/2016	19	Construction of space to accommodate a new Positron Emission Tomography (PET) scanner and to co-locate the PET/Cyclotron and nuclear medicine services in a single location. Provincial funds. (St. John's)
Protective Care Residence*	2.4	2013/2015	15	Construction of a 12-bed protective care residence to accommodate residents with mild to moderate dementia. Provincial funds. (Clarenville)
Protective Care Residence*	3.0	2014/2017	16	Construction of a 12-bed protective care residence to accommodate residents with mild to moderate dementia. Provincial funds. (Burin Peninsula)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Treatment Centre for Adults with Addictions*	6.8	2010/2015	17	Development of a new treatment centre for adults with addictions. Provincial funds. (Harbour Grace)
Industrial/Manufacturing				
Building Refurbishment*	4.2	2015/2015	8	Corner Brook Port Corporation - conversion of the former gypsum processing plant to a mixed use industrial facility. Partial federal/provincial funding. (Corner Brook)
Capital Expenditures	80.0	2015/2015	15	NARL Refining, LP - ongoing capital expenditures. (Come By Chance)
Harvesting and Processing Enhancements	7.9	2015/2015	Various	Ocean Choice International - vessel and plant expenditures. (Various)
Industrial Supply Park	2.2	2014/2015	15	Long Harbour Development Corporation - construction of a hydromet industrial supply park. Will include nine semi-seviced commercial sized lots. (Long Harbour)
Industrial Training Centre	1.2	2015/2015	15	Town of Long Harbour-Mount Arlington Heights - construction of a 10,000 sq. ft. industrial training centre. (Long Harbour)
Nickel Processing Facility	US$4,250.0	2009/2018	18	Vale Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. (Long Harbour)
Paper Mill Expenditures	2.1	2015/2015	8	Corner Brook Pulp and Paper Limited - routine capital expenditures. (Corner Brook)
Storage Facility	NA	2014/2015	20	Pennecon Energy Grand Banks Warehousing Inc. - construction of a 30,000 sq. ft. storage facility. (Bay Bulls)
Warehouse	14.0	2014/2015	19	Weatherford Canada - construction of an approximately 60,000 sq. ft. building that will feature office space, a shop/warehouse and testing facility. (Paradise)
Warehouse and Logistics Building	20.0	2014/2015	19	Bluewater Agencies - construction of a 120,000 sq. ft. warehouse and logistics building for the oil and gas industry. (Conception Bay South)
Mining and Oil & Gas				
Direct-Shipping Mine	1,000.0	2012/2015	2	Tata Steel Minerals Canada Ltd. - reopening of former iron ore mines. Includes the construction of a processing plant, rail and camp facilities, and a power plant. Approximately 75% of the project cost will be spent in Newfoundland and Labrador with the remaining slated for Quebec. (Elross Lake Area)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Hebron Oil Development	14,000.0	2008/2024	Offshore	ExxonMobil Canada Properties and co-venturers - development of the Hebron oil field. The Hebron Project, located approximately 340 kilometres offshore, is a joint venture among ExxonMobil Canada Properties, Chevron Canada Limited, Suncor Energy Inc., Statoil Canada Ltd., and Nalcor Energy - Oil and Gas. In addition to the GBS, two of the four topsides modules are being built in the province-the accommodations module is being constructed at multiple locations across the province with final assembly occurring at Bull Arm and the drilling support module is being fabricated in Marystown. Production of oil is expected to begin towards the end of 2017. Expenditures cover capital costs to 2024 when the initial drilling program concludes. Production is expected to continue until 2046. (Offshore)
Hibernia Southern Extension Unit	2,000.0	2011/2015	Offshore	ExxonMobil Canada Properties (operator) and Hibernia Southern Extension participants - development to enable the production of oil from the Hibernia Southern Extension Unit. Includes the drilling of production wells from the existing Hibernia GBS; the drilling of subsea water injection wells from a mobile drilling unit; and GBS topsides modifications. (Offshore)
Mine Development	1,273.0	2015/2017	2	Alderon Iron Ore Corp. - the "Kami Project" involves mining and processing iron ore from an open pit operation near Wabush and Labrador City. (Labrador West)
Mine Rehabilitation and Closure	NA	2015/2019	2	Wabush Mines - rehabilitation and closure of the mine starting with vegetation of mine tailings, to be followed by building decommissioning as well as rehabilitation of the overall site. (Wabush)
Mine Rehabilitation and Closure	NA	2015/2018	12	Teck Duck Pond Operations - rehabilitation and closure of mine. Will involve backfilling the boundary deposit and rehabilitation of the full site. (Millertown)
Mineral Exploration	62.4	2015/2015	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: $41 million in Labrador and $21 million for the Island. (Various)
Oil Related Capital Expenditures - Terra Nova	199.0	2015/2015	Various	Suncor Energy Inc. and partners - development and sustaining capital for the Terra Nova oil field. (Offshore)
Underground Mine Study	3.8	2014/2015	11	Rambler Metals and Mining Canada Limited - a prefeasibility study of the Lower Footwall Zone. (Baie Verte Peninsula)
White Rose Extension	2,300.0	2013/TBD	Offshore	Husky Energy and its joint venture partners, Suncor and Nalcor, continue to evaluate development options for West White Rose Extension including a wellhead platform or subsea development. While final project sanction is still pending, a graving dock has been excavated at Argentia. (Offshore)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Municipal Infrastructure				
2011 Municipal Capital Works Program*	100.2	2011/2016	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Building Canada Fund - Communities and Base Component*	144.2	2009/2015	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for the Recreation Complex in Mount Pearl. (Various)
Federal Gas Tax Program*	155.3	2014/2018	Various	Funding agreement allocating federal funds to municipalities, cities, Inuit Community Governments and Regional Service Boards in NL for capital infrastructure projects that supports national objectives of productivity and economic growth, a clean environment and strong cities and communities. Federal funds. (Various)
Fire Station	4.9	2014/2016	19	City of St. John's - construction of a new 10,300 sq. ft., full-service fire station to be located on Topsail Road. (Paradise)
Multi-year Municipal Capital Works*	405.7	2011/2018	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project. Provincial and municipal funds. (Various)
Solid Waste Management Strategy*	315.0	2007/2025	Various	This program provides funding to support planning and infrastructure associated with the implementation of the Provincial Waste Management Strategy. Funding is sourced from the federal/provincial gas tax agreement and direct provincial funding. (Various)
Town Depot	10.0	2015/2016	19	Town of Paradise - construction of a new town depot to replace the existing public works depot. Municipal funds. (Paradise)
Water Transmission Main Replacement Program	34.0	2013/2016	19	City of St. John's - multi-year replacement program to construct new water transmission mains. (St. John's)
Residential				
Affordable Housing Development	2.5	2015/2015	19	Development of "Country View", a 14-unit affordable housing project. (Holyrood)
Affordable Housing Program*	110.2	2003/2018	Various	Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loans to assist in the creation of new affordable rental housing. Federal/provincial cost-shared on a 50/50 basis. $10.9 million to be spent in 2015/16. (Various)
Apartment Buildings	2.5	2015/2015	19	Karwood Contracting Ltd.- development of two apartment buildings for seniors on Municipal Avenue. Each building will feature 26 affordable housing units. (Mount Pearl)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Apartment Complex*	6.5	2014/2015	19	Anglican Homes Incorporated - construction of a 24-unit affordable apartment complex for seniors. To be located next to Saint Luke's Homes on Road DeLuxe. Partial provincial funding. (St. John's)
Apartment Renovations	7.3	2015/2015	2, 14, 19	Northern Property Real Estate Investment Trust - capital improvements, renovations and upgrades on various apartment buildings. (Labrador City, Gander, St. John's)
Community Development	20.0	2010/2018	19	Canada Lands Company CLC Limited - redevelopment of the Pleasantville area into a residential community with a mix of housing types including single-family dwellings, townhomes, apartments and condominiums. Opportunities for some commercial space are also being considered. Expenditure figure covers land development costs only. $9.4 million to be spent in 2015-2016. (St. John's)
Community Development	80.0	2013/2016	19	10718 Nfld. Inc. - phase I development of "Galway" and "Glencrest". Will include a mix of residential, commercial and industrial lots and cover 2,500 acres of land. Estimated total cost of $4 billion over the life of the project (2012-2032). (St. John's)
Condominium Building	3.0	2013/2015	17	Republic Properties Inc. - construction of "The Hawthorne Condominiums", a 30-unit building to be located on Curtis Lane. (Brigus)
Condominium Development	1.6	2015/2016	19	B.A. Tucker Limited - construction of 12 condominium units on Bay Bulls Road. Will consist of three fourplexes. (St. John's)
Condominium Development	25.0 - 30.0	2014/2015	19	Regal Realty Limited - construction of a five-storey building containing 122 residential units and 9,000 sq. ft. of commercial space. (St. John's)
Condominium Development	120.0	2015/2019	19	KMK Capital Inc. - development of "Tiffany Condominiums", two 16-storey buildings consisting of a total of 240 residential units as well as a three-level underground parking garage. (St. John's)
Condominium Development	47.0	2012/2016	19	61902 Newfoundland & Labrador Limited - development of "Westfield Condominiums" off Captain Whelan Drive. Will include construction of 60 buildings with four, 1,000 sq. ft. units per building. KMK Capital Inc. is managing this development. (St. John's)
Condominium Development	8.0 - 10.0	2014/2015	19	Roosevelt Properties Ltd. - development of the "Victoria Park Condominiums" on the corner of Hamilton Avenue and Sudbury Street. Located adjacent to historic Victoria Park. (St. John's)
Condominium Development	65.0	2012/TBD	19	Rockmount Properties Inc. - construction of the "Sundara Condominiums" on Blackmarsh Road. Plans include four, three-storey condominium buildings featuring 45 units per building with underground parking. (Mount Pearl)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Condominium Development	10.0	2014/2015	19	Gibraltar Development Ltd. - construction of "Wellington on Rhodora", a two-phase condominium development to be located in Airport Heights. Each phase will consist of 24 units. (St. John's)
Condominium Development	14.0	2008/2016	8	Bayview Estates Inc.- construction of an approximately 50-unit development called "Bayview Condominiums". 6 units to be constructed in 2015. (Corner Brook)
Condominium Development	22.0	2014/2016	19	Manga Hotels Group - development of 85 upscale, modern condominium units at the site of the former Star of Sea Hall on Henry Street. Will include three levels of parking. (St. John's)
Condominium/ Apartment Development	10.4	2015/2017	19	Karwood Contracting Ltd. - development of "The Park", two three-storey condominium/apartment buildings on Park Avenue. (Mount Pearl)
Housing Development	NA	2000/2016	19	Cabot Development Corporation Limited - construction of a housing development named "Clovelly Trails" located off Stavanger Drive. Approximately 50 homes to be constructed in 2015. (St. John's)
Modernization & Improvements*	5.9	2015/2015	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Provincial funds. (Various)
Provincial Home Repair and Modification Programs*	8.2	2015/2015	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low-income households with home repairs and modifications. Includes $1.5 million of repayable loans. Federal/provincial funds. (Various)
Residential Development	4.0	2014/2022	8	Sleepy Cove Developments Inc. - development of 55 lots over five phases in "Discovery Ridge" to be located on Corporal Pinksen Drive. Will feature single, semi-detached, town, condominium and apartment style housing. Expenditure figure covers land development costs only. (Corner Brook)
Residential Development	13.0	2015/2016	19	Nolan Hall Real Estate Ltd. - construction of "Harbourside Condominiums", a 36-unit building on Temperance Street and Battery Road. Will include condominiums and penthouses. (St. John's)
Residential Development	12.5	2015/2016	19	345-353 Duckworth Street Developments LP - redevelopment of the former Newtel Building on Duckworth Street to be called "Mix" which will consist of 77 residential apartment units as well as retail space. (St. John's)
Residential Development	18.0	2013/2017	19	Reardon Construction and Development Ltd. - development of 56 condominium/townhouse style units off Ruby Line. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Residential Development	12.0	2012/2017	19	Wrightland Development Corporation - development of "Mclea Park" off Shaw Street. Will include construction of four townhouses; seven executive building lots; and two units in a converted heritage structure. (St. John's)
Residential Development	3.0	2013/2015	19	Cro-at Developments Inc. - two-phase residential development from an existing building on Hamilton Avenue. Phase I includes the development of nine townhouses. Costs are for Phase I only. (St. John's)
Subdivision Development	6.0	2013/2015	19	Reardon Construction and Development Ltd. - land development and construction of 15 single-family homes in the "Waterford Hills Park" subdivision on Old Petty Harbour Road. (St. John's)
Subdivision Development	65.0	2013/2019	19	Wrightland Development Corporation - construction of the 113-lot "Sunset Landing" subdivision. To be developed over four phases. (Conception Bay South)
Subdivision Development	8.0	2012/2016	14	Cecon Development Corporation - land and servicing development for the "Eastgate" subdivision located off Cooper Boulevard. Phase 1 will include 123 residential lots. Phase 2 will include 90 residential lots and 10 business lots. (Gander)
Subdivision Development	25.0	2009/2017	19	Bristol Development Inc. - land development for the 450-lot "Bristolwood" subdivision off Kenmount Road. Approximately 40 lots and 40 homes will be developed this year at a cost of $9.6 million. (St. John's)
Subdivision Development	1.2	2015/2015	19	HJR Holdings Ltd. - estimated 2015 development expenditures for "Lawrence Pond Estates", a 140-lot subdivision on the Conception Bay Highway. (Conception Bay South)
Subdivision Development	6.0	2013/2016	19	Signature Homes Inc. - construction of approximately 19 single-family homes at the extension to Stratton Place in Chamberlains. Approximately eight homes to be constructed in 2015. (Conception Bay South)
Subdivision Development	32.4	2012/2021	19	CASA Holdings - construction of 108 homes in the "Mount Batten Estates" subdivision. Currently in the second of three phases. (Conception Bay South)
Subdivision Development	25.0	1997/2017	19	Paradise Properties Limited - land and servicing for the "Elizabeth Park" subdivision. 20 lots to be developed in 2015. (Paradise)
Subdivision Development	10.0	2009/2016	19	Donovan Homes Ltd. - development of phase six of the "Mount Carson Terrace" subdivision off Mount Carson Avenue. Approximately 20 lots and 32 homes will be developed this year at a cost of $7.2 million. (Mount Pearl)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	2.5	2015/2015	8	52453 Newfoundland and Labrador Limited - land and servicing development for phase three of "Pratt Street Extension" subdivision. (Corner Brook)
Subdivision Development	8.5	2005/2017	19	Octagon Development Corporation - land and servicing for the "Adam's Pond" subdivision. 25 lots to be developed in 2015. (Paradise)
Subdivision Development	45.0	2010/2018	19	ERCO Developments Inc. & New Victorian Homes Inc. - continued development of the "Grand Meadows" subdivision. Maximum of 40 houses to be constructed in 2015. (Paradise)
Subdivision Development	3.0	2015/2015	19	Cadillac Services Limited - land and servicing development of a 110 lot semi-detached subdivision. To be located off Kenmount Road, west of the existing Westgate Subdivision. (St. John's)
Subdivision Development	15.0 - 16.0	2011/2016	19	Karwood Estates Inc. - subdivision to be constructed in Karwood Estates near Neil's Pond Walking Trail. (Paradise)
Subdivision Development	21.6	2015/2017	19	CASA Holdings - land development and construction of 48 homes in Topsail. (Conception Bay South)
Subdivision Development	6.0	2014/2015	8	Outer Limits Limited - land and servicing development for 52 lots in the "Parkway Heights" subdivision on Lewin Parkway. (Corner Brook)
Townhouse Development	15.0	2015/2016	19	KMK Capital Inc. - development of 27 townhouse style dwelling units on Mount Cashel Road. (St. John's)

Tourism/Culture/Recreation

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Building Restoration*	22.2	2009/2016	19	Restoration of the Colonial Building and grounds for use as an interpretation centre, featuring the political history of Newfoundland and Labrador. Will include office space for government staff and provincial heritage organizations. Current work will address the interior structural building systems. Federal/provincial cost-shared. (St. John's)
Convention Centre Expansion*	64.0	2013/2015	19	City of St. John's - expansion of the current convention centre to increase capacity and allow the hosting of much larger conventions. Partial provincial and federal funding. (St. John's)
Cultural Centre*	16.4	2013/2016	1	Nunatsiavut Government - construction of the Illusuak Cultural Centre. Partial federal funds. (Nain)
Historic Site Development*	TBD	2011/2016	19	The Rooms Corporation of Newfoundland and Labrador - multi-phase project to demarcate the outline of the star-shaped Fort Townshend citadel; provide enhanced landscaping for the grounds; and create public programming spaces and sculpture areas. (St. John's)
Hotel	25.0 - 28.0	2015/2017	19	Maplewood Hotels & Resorts - construction of a boutique hotel with approximately 150 rooms. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Hotel	20.0	2015/2016	3	Pacrim Hospitality Services Inc. - construction of a 100 - room limited-service hotel. Will feature 2,000 sq. ft of meeting space and a pool. (Happy Valley-Goose Bay)
Hotel	20.0 - 25.0	2015/2017	8	Pacrim Hospitality Services Inc. - construction of a full-service hotel with approximately 150 rooms, full restaurant and bar service, a pool and 5,000 sq. ft. of meeting space. (Corner Brook)
Hotel	7.5	2015/2016	17	Pacrim Hospitality Services Inc. - construction of a 60-room limited service hotel. Will feature a pool and 800 sq. ft of meeting space. (Bay Roberts)
Hotel	10.0	2015/2017	8	Construction of a Super 8 hotel with 80 rooms. To be located near the Pepsi Centre on Grenfell Drive. (Corner Brook)
Hotel	20.0	2015/2017	19	Republic Properties Inc. - construction of a 90-room boutique hotel on Duckworth Street with retail space and parking garage. (St. John's)
Hotel	TBD	2014/2016	19	Northland Properties Corporation - construction of a 200-room Sandman Signature Hotel with convention centre (meeting and banquet rooms), swimming pool, two attached restaurants plus another stand-alone restaurant and parking for approximately 360 vehicles. To be located at 227-245 Kenmount Road. (St. John's)
Hotel	10.0	2015/2015	19	Micro Boutique Living - construction of a four-storey boutique hotel to be located on Water Street. Will consist of approximately 120 units and a parking garage. (St. John's)
Hotel	7.5	2015/2016	12	Pacrim Hospitality Services Inc. - construction of a 60-room limited service hotel. Will feature a pool and 800 sq. ft of meeting space. (Grand Falls-Windsor)
Hotel	20.0	2014/2015	19	MP Limited Partnership - construction of a 120-room Holiday Inn Express on World Parkway. Will feature a pool and fitness centre. (St. John's)
Indoor Swimming Pool	3.8	2014/2015	19	Fortis Properties Corporation - construction of an indoor swimming pool at the Holiday Inn St. John's located at 180 Portugal Cove Road. (St. John's)
Library	4.0	2015/2017	19	Town of Conception Bay South - construction of a new library adjacent to the Town's recreation complex and administrative building located at Rideouts Road. Municipal funds. (Conception Bay South)
Ministry Facility	5.0	2014/2016	14	Pentecostal Assemblies of Newfoundland and Labrador - construction of a new ministry facility to be located on Magee Road. (Gander)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Recreation Complex	32.0	2013/2016	19	City of St. John's - construction of the Paul Reynolds Community Centre, a new 73,750 sq. ft. facility to replace the existing Wedgewood Park facility. Will include a six-lane lap pool, leisure pool, gymnasium, community rooms, child minding area, seniors' centre and youth centre. Municipal funds. (St. John's)
Recreational Infrastructure Program*	117.6	2011/2015	Various	Construction of recreational facilities across the province including ice arenas in Makkovik, Harbour Grace, Paradise and Conception Bay South; community multi-purpose buildings in Hopedale and Pasadena; and a pool facility in Marystown. Partial provincial funding. (Various)
Transportation				
Airport Improvements	1.2	2015/2015	14	Gander International Airport Authority - purchase of new equipment and performance of leasehold improvements. (Gander)
Airport Improvements and Expansion	245.0	2011/2023	19	St. John's International Airport Authority - plan includes expansion of terminal building, new access road, expanded vehicle parking, passenger loading facilities, additional apron space, new cargo building and airfield upgrades. Extension to the east end of the terminal building (Phase I) has started and completion is scheduled for early 2018. Extension to the west end of the building (Phase II) is expected to occur between 2017 and 2021. Also includes the installation of a $37.3 million Category III Instrument Landing System on the airport's principal runway and a number of associated infrastructure improvements required to support the technology. The landing system is scheduled to be completed this year and operational in 2016. Partial federal/provincial funding for the landing system. $50 million in total to be expended on the plan in 2015. (St. John's)
Airport Runway Reconstruction*	9.8	2015/2015	2	Transport Canada - reconstruction of the runway at the Wabush Airport. Work includes construction of a new asphalt surface, adding granular material, improving drainage and replacing airfield lighting. (Wabush)
Bridge Replacement*	51.9	2013/2016	18	Replacement of the Sir Ambrose Shea Lift Bridge. Federal and provincial funds. (Placentia)
Bridge Replacement*	22.0	2013/2016	12	Replacement of the Sir Robert Bond Bridge. Federal and provincial funds. (Bishop's Falls)
Bus Replacement	5.0	2015/2016	19	City of St. John's - replacement of 11 buses in the Metrobus fleet. (St. John's)
Highway Extension*	61.3	2010/2016	19	Construction of the Team Gushue Highway Extension. Federal/provincial cost-shared. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Marine Infrastructure*	14.7	2015/2015	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
National Highway Systems Projects*	15.9	2015/2016	Various	Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under the Canada NL Infrastructure Framework Agreement and Canada Strategic Infrastructure Fund. Federal/provincial cost-shared. (Various)
Provincial Roads Improvement Program*	82.4	2015/2015	Various	Includes secondary road/bridge improvement projects in various parts of the province. Provincial funds. (Various)
Salt Storage Sheds*	1.4	2015/2015	Various	Construction of road salt storage sheds. Provincial funds. (Various)
Trans Labrador Highway Phase I Surfacing*	304.0	2007/2015	2, 3	Application of hard surface on Phase I of Trans Labrador Highway from Happy Valley-Goose Bay to Wabush. Funding for this project is split between federal and provincial governments to a maximum of $50.0 million in federal contribution. (Various)
Trans Labrador Highway Widening and Hard Surfacing*	439.7	2013/2018	3, 4, 5	Widening and hard surfacing of Phase II and III of Trans Labrador Highway between Red Bay and Happy Valley-Goose Bay. Federal/provincial cost-shared. (Various)
Transshipment Terminal Modification	70.0	2015/2017	18	Newfoundland Transshipment Limited - modification of the crude oil transshipment terminal at Whiffen Head, Placentia Bay to accommodate the transshipment of crude oil from the Hebron offshore oil development. (Whiffen Head)
Vessel Refits*	13.5	2015/2015	Various	Refits of the existing fleet of nine government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program*	41.6	2015/2015	Various	2015/16 cash flow for vessel replacement program. Provincial funds. (Various)
Wharf and Laydown Area	1.8	2014/2015	5	Bay Bulls Properties Ltd. - construction of a loading wharf and laydown area for the shipment of rock from a nearby quarry. Will also involve the development of approximately seven hectares of land and upgrading and extension of a partially developed road. (Forteau)
Utilities				
Electric Utility Capital Expenditures	55.6	2015/2015	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	94.2	2015/2015	Various	Newfoundland Power Inc. - includes capital expenditures to refurbish and serve growth on the electricity system. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Electric Utility Capital Program	77.0	2015/2015	Various	Newfoundland and Labrador Hydro - capital program that include upgrades and improvements to transmission lines, distribution systems, generating facilities and electricity grid components. The 2015 Capital Program includes investment in more than 100 projects. (Various)
Lower Churchill Project - Phase I (Muskrat Falls)	6,990.0 (NL Components)	2012/2017	Various	Nalcor Energy - development of the Muskrat Falls Hydroelectric Generation Facility and associated transmission assets in Newfoundland and Labrador between Muskrat Falls and Churchill Falls and Muskrat Falls and Soldiers Pond. The Newfoundland and Labrador portion of the project entails construction of an 824 megawatt hydroelectric generating facility at Muskrat Falls on the lower Churchill River and over 1,500 kilometres of associated transmission line and related infrastructure. Emera Inc. of Nova Scotia will build the Maritime Link connecting the island of Newfoundland to Cape Breton, Nova Scotia. The capital cost of Emera's Maritime Link is an additional $1.57 billion. (Various)

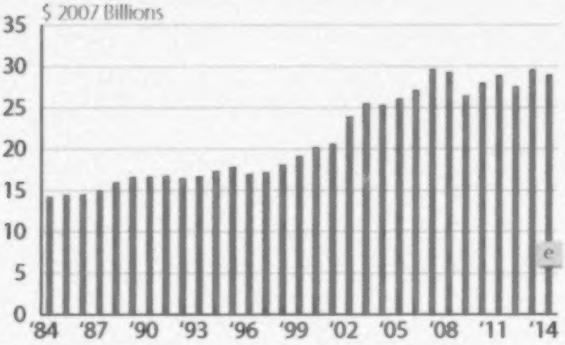
Other Investment

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Building Redevelopment*	57.5	2008/2015	19	Royal Newfoundland Constabulary - redevelopment of the RNC Campus at Fort Townsend. The headquarters building is completed and in operation. The annex building is currently under construction. This upgrade will include a daycare, gymnasium and officer training areas. Projected expenditure for the 2015/16 fiscal year is $2.6 million. Provincial funds. (St. John's)
Capital Program*	26.8	2012/2016	Various	Royal Canadian Mounted Police - replacement and retrofitting of detachments and living quarters. Provincial/ federal cost-shared on a 70/30 basis. (Various)
Environmental Remediation and Risk Management*	209.7	2009/2019	3	Department of National Defence - environmental remediation and risk management activities to be carried out through 10 sub-projects at 5 Wing Goose Bay. Projected expenditure of $18.0 million for the 2015/16 fiscal year. (Happy Valley-Goose Bay)
Offshore Safety and Survival Training Centre	7.0	2014/2015	19	Falck Safety Services Canada - construction of a new 26,000 sq. ft. offshore safety and survival training centre. Will offer a full range of safety and survival training for the offshore, marine, aviation and industrial sectors as well as a variety of research and development activities. (Mount Pearl)
Public Buildings*	12.5	2015/2015	Various	Maintenance and development of public buildings. Provincial funds. (Various)

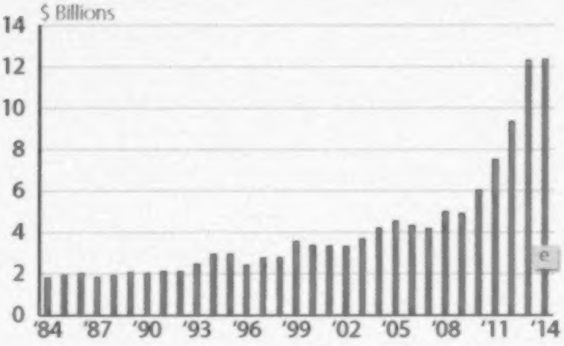
Statistical Indicators

Source: Statistics Canada; Department of Finance

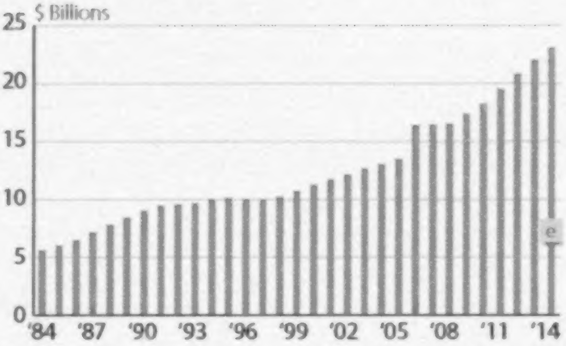
Real Gross Domestic Product



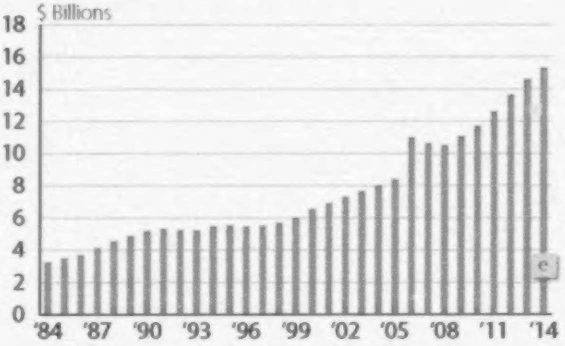
Capital Investment



Household Income

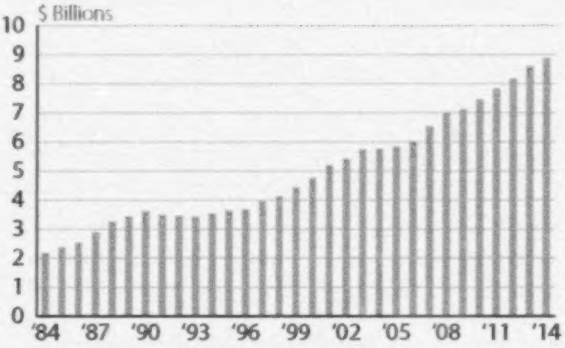


Compensation of Employees

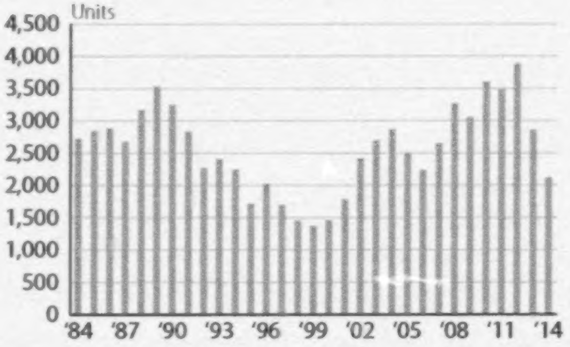


Note: Compensation for 2006 and 2007 includes Provincial Government's special payments to the public sector pension plan.

Retail Sales



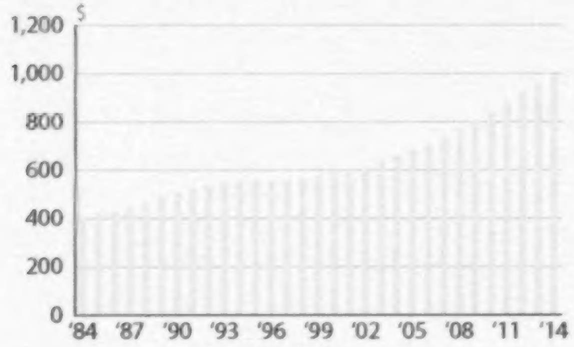
Housing Starts



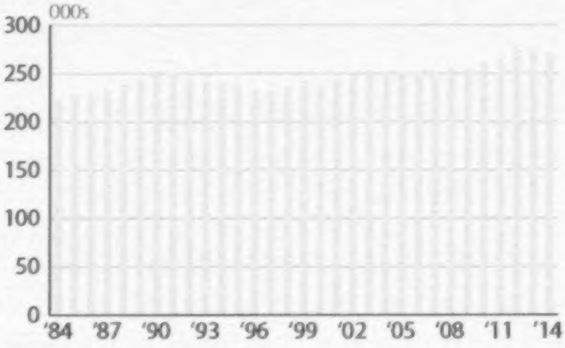
Statistical Indicators

Source: Statistics Canada; Department of Finance

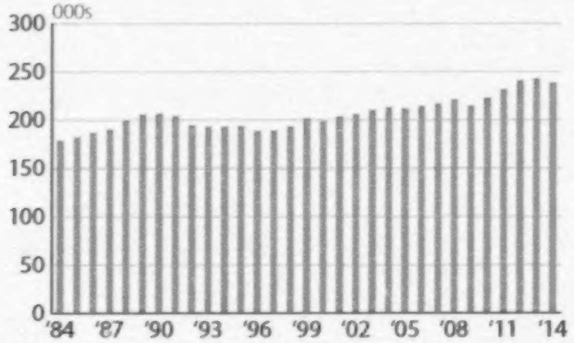
Average Weekly Earnings



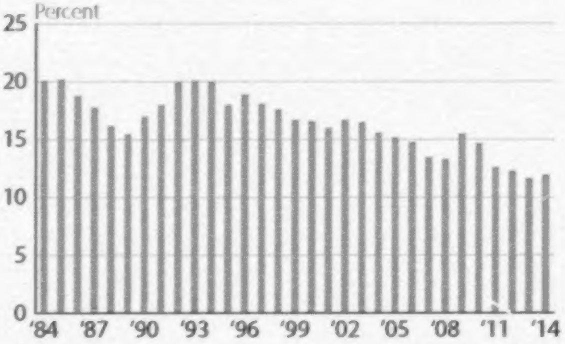
Labour Force



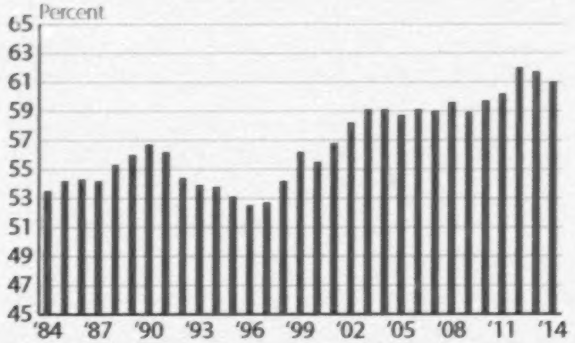
Employment



Unemployment Rate



Participation Rate



Population

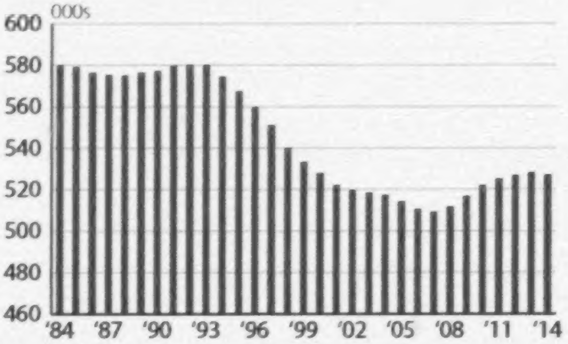


Photo Credits

i St. John's
Source: Newfoundland and Labrador Tourism

2 Salvage
Source: Newfoundland and Labrador Tourism

4 Puffins
Source: Newfoundland and Labrador Tourism

6 People's Bank of China, Beijing.
Source: People's Bank of China

12 Hiker, Fogo Island
Source: Newfoundland and Labrador Tourism

16 Torngat Mountains
Source: Barrett & MacKay Photo

26 Construction of the Hebron Gravity Based Structure at the Bull Arm, deepwater site
Source: ExxonMobil

27 The Boa Galatea and the Atlantic Explorer docked in St. John's Harbour
Source: Nalcor Energy

39 Anaconda's open pit gold mine at Pine Cove
Source: Department of Natural Resources

40 Corner Brook Pulp and Paper
Source: Forestry and Agrifoods Agency

44 Harvesting Wheat, Pasadena
Source: Forestry and Agrifoods Agency

45 Rural Wharf
Source: Department of Fisheries and Aquaculture

50 Crab Harvesting
Source: Department of Fisheries and Aquaculture

54 Come by Chance
Source: Department of Finance

54 Trout Processing
Source: Cooke Aquaculture

54 Long Harbour Nickel Processing Plant
Source: www.alberici.ca/projects/Pages/Project-Detail.aspx?pid=49

55 Silver Dolphin Boats
Source: Fab-Tech Industries Inc.

59 351 Water Street, St. Johns
Source: Target Marketing/Eastport Properties

62 Trans Labrador Highway
Source: Department of Transportation and Works

63 Cycling Near the Tablelands
Source: Newfoundland and Labrador Tourism

66 Cape St. Mary's from the Water
Source: Newfoundland and Labrador Tourism

67 Muskrat Falls
Source: Nalcor Energy

69 Muskrat Falls Transmission Tower Construction
Source: Nalcor Energy

70 Muskrat Falls Transmission Tower Assembly
Source: Nalcor Energy

71 Bird's Nest
Source: Nalcor Energy

72 Muskrat Falls
Source: Nalcor Energy

91 Conche
Source: Department of Finance